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## U.S. Strategy Buys Time for World Economy

By David E. Sanger  
New York Times Service

WASHINGTON — The Federal Reserve Board's decision to cut U.S. interest rates again marks the completion of a three-part strategy, put together over the last seven weeks by the White House and Alan Greenspan, the Fed chairman, to insulate the American economy from the worst effects of the global economic turmoil that a few weeks ago seemed to threaten to explode into something far worse.

"It's not necessarily that things are better than on October 1," a senior administration official said Tuesday, as the Fed trimmed rates. "but people don't feel the world is in free fall."

Still, the market surge that has occurred since the Fed started cutting rates may mask a disturbing reality: While emotions have cooled, little has changed in the economies of the stricken countries.

### NEWS ANALYSIS

Projections released Tuesday by the Organization for Economic Cooperation and Development suggest that the economy of Japan, the second-largest in the world, will not grow again until 2000. Japan, which President Bill Clinton is visiting this week on a shortened trip to Asia, keeps throwing money into the gaping holes of its economy, only to discover that the holes keep deepening. South Korea, where Mr. Clinton stops this weekend, is backtracking on some reforms, but the administration is desperate to show that its prescriptions are working, so Mr. Clinton is unlikely to chide President Kim Dae Jung in public.

In short, the administration has bought some time — but little else. "We had to deal first with rebuilding confidence, so that capital would stop flowing out of countries," Treasury Secretary Robert Rubin told a group of business executives in Washington last week. "That situation is improving."

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The Dollar			
New York	Wednesday 9 A.M.	previous close	
DM	1.6766	1.6698	
Yen	121.6	120.95	
FF	5.6185	5.5981	
Pound	1.6707	1.6768	
Dollars per pound			
The Dow			
	Wednesday close	percent change	
+ 54.63	9,041.11	+ 0.61%	
S&P 500			
+ 5.16	1,144.48	+ 0.45%	
Nasdaq			
+ 18.92	1,897.44	+ 1.01%	

## Clinton Exhorts Asia To Pursue Reforms

### Foes of Mahathir See U.S. Misstep

By Thomas Fuller  
International Herald Tribune

KUALA LUMPUR — Opposition politicians said Wednesday that Vice President Al Gore's speech here supporting political reform in Malaysia had hurt their cause and strengthened Prime Minister Mahathir bin Mohamad's rule.

"Whoever is supportive of Al Gore's position — the idea of reform in general — can now be labeled as disloyal by the government," said Lim Kit Siang, leader of the country's parliamentary opposition. "They will say: 'Are you with or against Malaysia?'"

During his 17-year rule Mr. Mahathir has repeatedly warned of foreign domination of the country and the specter of "neocolonialism" — messages that have been carried by the country's closely monitored newspapers and television networks.

On Wednesday, newspapers showered readers with articles condemning the speech, often repeating the words that the government used to describe it: "gross interference." The largest circulation English-language daily, The Star, which had 12 articles on reaction to the speech, exclaimed "Al Gore!" on its front page.

In the speech, given Monday to a group of business leaders and senior Malaysian government officials, Mr. Gore offered specific support to a nascent reform movement and said greater democratization would help Asian countries recover more quickly from their economic woes.

Mr. Mahathir, speaking to reporters Wednesday at the end of the two-day meeting of the Asia-Pacific Economic Cooperation forum, made little comment on the controversy over Mr. Gore's remarks. "I don't know of any differences," he said. "I'm not aware. Were there any?"

Asked at a news conference whether he and Mr. Gore had discussed Malaysia's political situation, Mr. Mahathir replied, "No."

Mr. Gore's comments could resonate with regard to Anwar Ibrahim, the ousted deputy prime minister who is being held without bail as he faces corruption and sodomy charges in court. Since Mr. Anwar's dismissal from government

### He Calls Japan Key to Recovery

By Brian Knowlton  
International Herald Tribune

WASHINGTON — President Bill Clinton headed for Japan on Wednesday for what promised to be tough talks on trade and the economy, after he insisted that Tokyo must do even more to stimulate economic growth, and his trade representative called Japan's opposition to tariff cuts "inexcusable."

As Mr. Clinton left on an Asian trip shortened by the Iraq crisis, he indirectly defended critical comments on Malaysia by Vice President Al Gore. He said that Mr. Gore, who replaced him at the Asia-Pacific Economic Cooperation forum in Kuala Lumpur, had "ably" represented the United States. Mr. Gore praised the "brave people" who have demonstrated against the Malaysian government.

But the crux of Mr. Clinton's Asia visit, which will also take him to South Korea and Guam, will be an effort to encourage Japan to do more to stimulate growth, he said.

"Nothing is more important to restoring stability and growth in Asia than efforts to restart Japan's economy," Mr. Clinton said shortly before departure. "Asia's engine of growth," he noted, had been "stalled for five years."

The Japanese economy, by far the strongest in Asia, is expected to shrink 1.8 percent in the year ending March 31, Tokyo says. On Monday, the government announced a \$197 billion tax-cut and spending plan. But U.S. officials have expressed concern about how quickly it will be put in place, and Mr. Clinton pointedly made no mention of it.

With Japanese imports falling, other Asian countries are having a difficult time moving out of recession, and the U.S. trade deficit with Japan is growing. Mr. Clinton said that his discussions with Prime Minister Keizo Obuchi would focus on ways Japan "can promptly and effectively implement its commitment to banking reform, stimulate consumer demand and growth, deregulate key economic sectors and open its markets to fair trade."

But Mr. Obuchi, in a news conference before leaving Kuala Lumpur, said he would assure Mr. Clinton that the Japanese economy was "at

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## Bonn Panel Criticizes Jobs Plan

### Schroeder's Policies Labeled 'Inconsistent' By Top Economists

By John Schmid  
International Herald Tribune

FRANKFURT — The German government's panel of independent economic advisers issued a stinging rebuke Wednesday of the new administration in Bonn, warning that its "inconsistent" policies unsettle the German private sector and could miss their goal of reducing unemployment.

"The mood lies somewhere between hope and desperation," the panel wrote in its annual report to Chancellor Gerhard Schröder's economic program.

After Mr. Schröder declared that unemployment would become the best yardstick to measure his achievements, the nation's five leading economic advisers forecast that joblessness would do little better than stagnate next year. They said they expected the average number of people without jobs to fall to 4.12 million next year, still above the psychologically important 4 million level but down from 4.27 million this year.

"The most important goal of the new government is to create more jobs," the advisers wrote. "Whether it will make any great progress next year seems more than doubtful."

The report is certain to have political implications. It sets the stage for further conflicts next month when Mr. Schröder convenes a roundtable of business, unions and government to coordinate a strategy to fight unemployment. Big business wants to use the roundtable, known as the "alliance for jobs" initiative, as a venue to compel Mr. Schröder to backpedal on many of his main economic plans, most of which are backed by labor leaders.

The committee became the latest to cut its outlook next year for the powerhouse economy of Europe and to warn that the government threatens to burden the commercial sector just as the global economy cools.

Since the September election, industrialists, bankers, leading think tanks and even the legions of small and medium-sized businesses have raised an almost daily din of criticism against the spending tax and wage policies of Mr. Schröder's left-leaning coalition of Social Democrats and Greens.

The most vehement criticism so far has been reserved for Mr. Schröder's planned tax overhaul, which the German Industry Federation called "poison" for German business. The government wants to abolish a raft of company tax exemptions, subsidies and write-offs that could hit businesses with the equivalent of an increase of 35 billion Deutsche marks (\$21 billion) to their collective tax bill.

The Bundesbank, in its monthly report Wednesday, also warned Bonn against "overloading" companies with taxes.

The economic council said that government's plans to trim the overall national tax burden by 15 billion DM over four years went only halfway and urged cuts of 30 billion DM. It also lashed out at the government's calls for higher wages and lower interest rates.

The five "wise men," as the advisory panel is known, declined the lack of policy direction that threatens to de-

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Newstand Prices	
Britain	1.000 BO Marks
Cyprus	£ 1.00
Denmark	47 DKr
Finland	12.00 FM
Gibraltar	£ 0.85
Great Britain	£ 1.00
Israel	₪ 1.00
Japan	¥ 120
Korea	₩ 1,100
Malaysia	RM 1.00
Norway	120 Nkr
Poland	12.00 Zloty
Portugal	200 Escudo
Spain	160 Ptas
Sweden	12.00 SKr
Switzerland	1.000 Sfr
Taiwan	NT 100
Thailand	30 Baht
U.S.	\$ 1.00
West Germany	DM 1.00
Yugoslavia	100 Dinar



**DIVIDED LAND** — An Israeli soldier positioning a barrier at the entrance to the West Bank Israeli settlement of Psagot on Wednesday. Prime Minister Benjamin Netanyahu faced political disarray after his own camp denied him a majority on the Wye accord. Page 4.

## AGENDA

### Plane Sales Help Narrow U.S. September Trade Deficit

WASHINGTON — The U.S. trade deficit narrowed to \$14 billion in September from a record high \$15.9 billion in August, helped by a surge in overseas sales of aircraft and a decline in oil imports, the government said Wednesday. Analysts said the deficit could still widen in the months ahead, but the report included a "hint of more good news" to come. "The deficit with the Pacific Rim was smaller in September than in August, and appears to be stabilizing longer term," an analyst said. Page 15.

### Ruling on Pinochet Set for Next Week

LONDON (Reuters) — The House of Lords said Wednesday that it would issue its ruling Nov. 25 on whether Britain should extradite General Augusto Pinochet to Spain to face charges for actions related to his rule of Chile.

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### German Reporter Expelled by China

China expelled a reporter for the German newsmagazine Der Spiegel on Wednesday, a day after eight officials burst into his office and served him with an arrest warrant for alleged possession of secret documents. Page 14.

## Divorce Reform Plan Splits China

### Women's Advocates Call Proposal Both Needed and Paternalistic

By Erik Eckholm  
New York Times Service

BEIJING — Proposals to make divorce more difficult and to punish adulterers have stirred a rare and passionate public debate in China, with opinions clashing in newspapers, radio call-in shows and television specials across the country.

The proposals, included in early drafts of a new law on marriage and family, were prompted by concern about a rising divorce rate and reports that more rich men were supporting mistresses, widely known as "little honeys," or leaving their wives to marry younger women.

Women's advocates have been bitterly split by the proposals, with some calling them needed protections for women but many younger feminists and soci-

ologists calling them a regressive move in a country where the Communists have a history of paternalistic meddling.

"These people still want to use the government to interfere in people's private lives," said Li Yinhe, a sociologist, referring to the legal experts, mostly older women, who drafted the proposals. Miss Li, an expert on sex issues at the Chinese Academy of Social Sciences, is one of the most vociferous opponents.

"We need to make a distinction between law and morality," she said.

Under an onslaught of criticism, the authors of the proposals have hunkered down, complaining, rightly, that news accounts have often oversimplified their ideas. Several declined to be interviewed. At a recent

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## Republicans Anoint Post-Gingrich Speaker and Black Deputy

By Brian Knowlton  
International Herald Tribune

WASHINGTON — House Republicans, seeking to broaden their party's appeal after its recent electoral setbacks, endorsed Representative Bob Livingston of Louisiana as the new speaker Wednesday and named their only black member to the fourth-ranking leadership post.

But the conservative House majority leader, Dick Armey of Texas, fought off a tough challenge from Steve Largent of Oklahoma, who is also a conservative, and from Jennifer Dunn of Washington, the No. 2 of the Republican conference and the senior Republican woman in the House.

J.C. Watts, a charismatic former football star, defeated John Boehner of Ohio for the post of conference chairman. In that capacity, Mr. Watts will be responsible for helping inform members

of party positions and to articulate a common message.

The young Oklahoman, a favorite of party conservatives, was clearly elated by his historic

Impeachment inquiry is sputtering. Page 4.

selection. "The elections we just came out of brought a new energy," he said.

Asked how he was reacting to his nomination to be the first black in the House Republican leadership, he said, "I'm going to Disneyland and celebrating."

The House majority whip, Tom DeLay of Texas, was unopposed for that position.

Mr. Livingston, whose potential rivals had withdrawn, was consecrated by voice vote to succeed Newt Gingrich of Georgia. His formal

election will come Jan. 6 when the full House returns from recess.

Many Republicans considered Mr. Gingrich's attempts to focus voter attention on the Monica Lewinsky scandal involving the president and his handling of the recent budget negotiations, as well as his low public approval ratings, as the reason for the party's disappointing showing in the Nov. 3 elections. After early projections of big gains, the Republicans saw their majority reduced to 12 seats in the House.

Mr. Livingston, in accepting the nomination, offered a dual message: The party could do a better job of projecting its message — focusing on issues like tax cuts, strengthening the nation's military and rescuing the Social Security retirement program — and would have to work more closely with Democrats in pursuing its agenda.

"The recent election did not mark a turning

away from the Republican Party," he said. "But we did falter."

"We didn't run out of ideas. We simply neglected to run on our ideas."

He said House Republicans would remain true to their ideals but added that they "lose nothing by reaching out to the other side."

Under his direction, said Mr. Livingston, who served in the navy, the House would be like an aircraft carrier, with "a lot of people doing their job" and "going in a lot of different directions" while "the ship keeps moving forward toward the principles defined by the Republican Party."

The powers of the speaker make the switch from Mr. Gingrich to Mr. Livingston much more than cosmetic. The speaker plays a considerable role in shaping his party's legislative agenda. After Re-

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President Jiang Zemin of China holding his ears as reporters yelled questions at the end of the APEC meeting Wednesday.

ences on how to manage the huge flows of capital that once swamped many of the East Asian members of the group and then abruptly fled the region as currency turmoil spread, economic growth plunged and business confidence evaporated.

The leaders endorsed austerity measures called for by the International Monetary Fund but not the tight currency controls advocated by the host country, Malaysia.

During the APEC meetings, the United States pressed Asian countries to respond to the crisis by opening their markets and reforming flawed institutions, instead of seeking to blame foreign forces and resorting to currency con-



## Scientists Under Surveillance / Hardship Sparks Protests

## Russia's Nuclear Cities Fear a Brain Drain

By Michael R. Gordon  
New York Times Service

**K**RASNOYARSK-26, Russia — When Andrei Sokolov came to this nuclear city more than 30 years ago it was a bastion of privilege for the Soviet Union's scientific elite.

Its very existence was a state secret. Behind barbed-wire fences, and hidden inside a mountain of granite, three nuclear reactors produced tons of plutonium for the nation's nuclear arsenal. Its scientists, the nation's brightest, lived the Soviet dream: the best food and wages the Kremlin could provide.

Krasnoyarsk-26 remains closed off from the world. But these days it is an impoverished ward of the state, and a vexing worry for Russian and American officials who fear Russia's best scientists will leave for aspiring nuclear powers like Iran and Iraq.

Mr. Sokolov, 58, one of the city's top nuclear specialists, says he is not leaving. He sometimes goes months without his meager salary, and he and his neighbors recently endured a few weeks without heat. His wife, Nadezhda, helps make ends meet by canning vegetables from the garden at their dacha, and she cannot look back without a twinge of regret.

"It was better then," she said. "The city was clean. Everything was in abundance. There was no economic panic."

While the Sokolovs are stoical about the future, nobody can be sure about the thousands of other specialists in Russia's 10 nuclear cities. The Russian government has become so concerned about the tumbling morale of its top nuclear scientists that it has ordered its security services to secretly monitor them, Russia's minister of atomic energy said in an interview.

The U.S. Department of Energy has pledged as much as \$30 million through 1999 to start up new businesses in the hope that the enterprises will be able to attract hundreds of millions more in Western investment. But critics worry that the aid is too little to make a difference. And with Russia's economy in crisis, attracting foreign investment is harder than ever.

As winter begins creeping across the heartland, nuclear workers have taken to the streets to demand back pay. Guards at nuclear laboratories have abandoned their posts to forage for food. Power shortages threaten to shut down electronic security systems designed to safeguard stores of bomb-grade materials.

"The situation in the nuclear closed cities is very close to catastrophic," said Viktor Orlov, director of the Moscow-based Center for Policy Studies and an expert on Russia's nuclear complex.

The armed guards at the checkpoint for Krasnoyarsk-26 provide a sobering reminder to visitors that they are about to enter a state within a state. Outsiders must get the blessing of the Federal Security Service, the heir to the KGB. Passports are inspected and, in the case of foreigners, escorts provided.

The residential heart of this city of 18 square kilometers (7 square miles) gives a hint of its past glory. There is an artificial lake with three beaches, more sports facilities than in most Russian cities of this size, and a well-tended park. The train station that the scientists and engineers use to go to work looks like a typical suburban platform, save for the fact it is protected by armed interior Ministry guards and serves an electric train that heads straight into a fortified mountain. The complex at the other end of a five-kilometer (three-mile) tunnel is a cavernous, multistoried honeycomb of nuclear



A boy striding past graffiti, reading "Lenin," at Krasnoyarsk-26. Workers, right, growing silicon crystals with equipment provided by the United States.

reactors, plutonium laboratories, cafeterias and workshops—about 3,500 rooms in all.

According to some Western estimates, Krasnoyarsk-26's reactors produced more than 40 tons of bomb-grade plutonium, about one-third of the plutonium used to build the Soviet arsenal. With the world awash in plutonium, two of the three reactors here have been shut down. The remaining reactor provides heat for the city. It produces plutonium as a by-product that is separated from the reactor's nuclear waste and stored as a powder for safekeeping.

For Valeri Lebedev, director of Krasnoyarsk-26's nuclear operations, holding the nuclear complex together is an increasingly daunting task. About 10,000 people work at the complex, which has received only two-thirds of the government funds it was expecting this year.

"The prices have increased but we cannot raise wages, because we do not even pay people what they are supposed to be paid," he said. "We try to do our best to pay something. If we don't have money we give food."

In September, a budget shortfall delayed a shipment of uranium fuel. Then workers in the

radio-chemistry laboratory, where plutonium is separated from the nuclear waste, mounted a brief protest. The reactor was out of operation for weeks, leaving the city without heat.

"We are concerned when a person has to think all the time about how to feed his family," Mr. Lebedev said. "That's not a good time to carry out some important operations."

Russia has promised the United States it will convert the Krasnoyarsk-26 reactor and two similar reactors at another closed city, Tomsk-7, so that they no longer produce plutonium by 2000. But Russian officials said the conversion will almost certainly have to be delayed because of budgetary and technical problems.

Like other scientists, Mr. Sokolov and his wife have felt the shortage of food. Mr. Sokolov's salary, which sometimes has been delayed for months, is about \$150 a month. His wife, a chemist, has been paid more regularly, but only receives \$30 a month. Their salaries are supplemented by pensions, granted in recognition of their decades of toil. Each receives \$37.



January 1998/The New York Times

Others residents have turned to the world outside the wire for work. Each weekday morning, several thousand pile into a caravan of cars and buses that snakes its way to the city of Krasnoyarsk, 65 kilometers (40 miles) south.

Mr. Lebedev would like to see the city opened up. That, he believes, would bring in business and make the city less dependent on the military sector. Few residents, however, agree. They see the barbed-wire fences as a final barrier against the turmoil sweeping the land.

In Moscow, the closed cities have become a heavy burden for Yevgeni Adamov, the Russian atomic energy minister. Krasnoyarsk-26 is just part of the problem. Closing them down is not an option. They are needed to disassemble weapons and safeguard nuclear materials, and nobody wants the scientists to be tempted to go abroad.

As the cities deteriorated, Russian intelligence began the secret monitoring of the top Russian scientists, whose skills would be particularly valuable to an aspiring nuclear power or to the United States, Mr. Adamov said. The Russians "call them sensitive professions," he

said, "and we know all these people by name. Even they don't know that they are in this group. We make sure they are provided for."

The Atomic Energy Ministry's long-term plan is to cut the nuclear work force by as much as a third and create an equivalent number of new jobs in the commercial sector. Of the three-quarter of a million people who live in the closed cities, 125,000 work in the nuclear enterprises.

Krasnoyarsk-26 is counting on the construction of a \$200 million factory to produce silicon for computer chips. The Defense Enterprise Fund, a Pentagon-funded group that is trying to help Russia convert its military industry to civilian production, has paid for some of the planning. The government has spent several million dollars to grow silicon crystals. But major Western investors still are needed.

Meanwhile, Mr. Lebedev is weighed down by more immediate worries. This summer, he sent his Moscow superiors a blunt memo: "Wage payments are three months behind schedule," he wrote. "The social tension in the shops and factories has reached the critical level, and its consequences are unpredictable."

## Moscow's Majestic Space Station Project Goes Begging

By Sharon LaFraniere  
Washington Post Service

**V**ORONEZH, Russia — Nothing about the multicolored concrete and rusting metal stand that overlooks the reservoir here even faintly hints at advanced technology. Nothing, that is, until the engineer at the Chemical Automatics Design Bureau pushes the right button.

Then a thunderous roar shatters the afternoon calm. Streams of water spurt from hidden nozzles. Steam clouds billow skyward and a blue column of flame—the signature of a huge engine designed to propel a rocket to the new international space station—leaps almost the entire length of the structure. Even 140 meters (425 feet) away, the ground trembles.

"That will make an impression on you," said Yuri Shipulin, vice president of the company, as the rumbling from the engine died away after one such test last week.

It is a decidedly mixed impression. The static engine test in this industrial city bespeaks Russia's space program in all its majesty, a

program still able to design and build engines and rockets as powerful and reliable as any in history. But it also underscores what desperate straits the program is in.

Mr. Shipulin had to all but beg for the \$94,000 he needed for a railroad car's worth of fuel and other material. He eventually got it, not from the cash-starved government but from the private profit of the company that is building the rockets to lift the station modules into orbit.

It was the same debilitating, exhausting process that confronts every state or private Russian contractor that creates something for the space station, from the ground receivers that will enable astronauts to communicate with Earth to docking equipment for the station to space suits. "To say it spoils my sleep is to put it mildly," Mr. Shipulin said. "Sometimes I don't get to sleep at all. Where do we get the money? From whom? How much? For how long? And how to give it back?"

Yuri Koptev, the head of the Russian space agency, has received just \$75 million this year to cover \$200 million in costs for the space station project and the orbiting Mir station. The gov-

ernment still owes \$45 million from last year. The space agency recently sold some of its scientific research time and storage space on the station to the U.S. National Aeronautics and Space Administration for \$40 million. But it must scrape up more money to finish and launch the service module, a key component. The launching has been put off three times.

**E**VERY kopek denied the space agency ripples throughout a network of 2,000 space station subcontractors. They range from disgruntled to utterly desperate, depending on how heavily they rely on government business. At the head of the group is the Khruichev Space Center, which survives on its business launching commercial satellites, and Energia, a vast, partly government-owned enterprise bigger than Boeing Co. The government owes Energia so much money it could be considered technically bankrupt, officials there said.

Some work is stymied. Moscow Radio Communications Research Institute, for example, has been unable so far to upgrade Russian

ground receivers to ensure reliable communications with the station. Evgeni Filimonov, deputy general director, said he ordered new receivers nine months ago from a St. Petersburg subcontractor, but that company refused to start work until Mr. Filimonov paid \$60,000 he owed from the last job. But he can't pay until Energia pays the \$150,000 it owes him. Now he is refusing to send Energia some equipment.

Whether the financial pressure hurts the quality of the work is an uncomfortable question. "Yes it does," said Anatoli Shishanov, head of SRI Precise Instruments, which built the docking equipment for the service module.

"Thank God the mistakes will be found in testing," he said. That is, as long as no one cuts testing to save money, as Mr. Shishanov has occasionally tried to do.

He recounted asking one of his head engineers on the space station job: "Couldn't we do it faster? Why don't we stop testing quite so much? Because the quicker we send it off, the quicker we will get our money. And the only thing he would tell me is, 'Better to keep it longer now, than have trouble in space.'"

## TRAVEL UPDATE

## Eurotunnel Strike Is Off

**LONDON (AFP)**—Drivers on Eurotunnel trains carrying cars and trucks under the English Channel have called off a series of threatened strikes ahead of Christmas after reaching a pay settlement.

"All threats of industrial action have been canceled," said a spokesman for the ASLEF union, which represents the drivers but is not recognized by the trains' operator, Eurotunnel. "An improved offer has been accepted."

The first of the 24-hour strikes was to have been held Monday, followed by action on Dec. 2, 9 and 15. The drivers had been demanding a pay increase from £17,200 a year to £24,000 (£28,700 to \$40,000). The settlement calls for a salary starting next July of £18,700.

## Hong Kong Airport Snag

**HONG KONG (AP)**—The opening of a second runway at Hong Kong's new \$2.6-billion airport will be delayed for six months because its lighting system needs to be improved. An Airport Authority spokesman, Chris Donnelly, said Wednesday the delay was unlikely to have

any significant impact on operations. Air traffic remains 20 percent below the peak capacity of 37 flights an hour at Chek Lap Kok, which has been plagued by snags since its opening in July.

Paris may lose a little of its charm Dec. 1, when the pet shops lining the Quai de la Magisserie on the Right Bank will be required to move their animals indoors under new police orders.

The pet shops, lining an avenue that runs along the River Seine, have been a magnet for shoppers, tourists and city children for decades. (Reuters)

Royal Air Maroc has announced plans for a twice-weekly service between Casablanca and Gaza after an airport opens in the Palestinian territory. (AFP)

Air France flights were severely disrupted Wednesday as a strike by flight attendants entered its second and final day.

Air France said it would guarantee 55 percent of long-haul flights and 60 percent of short and medium-distance flights. (AP)

## WEATHER

Europe				North America				Asia			
City	Today	Low	High	City	Today	Low	High	City	Today	Low	High
Amsterdam	10/14	8	14	Atlanta	10/14	8	14	Almaty	10/14	8	14
Antwerp	10/14	8	14	Boston	10/14	8	14	Bangkok	10/14	8	14
Athens	10/14	8	14	Chicago	10/14	8	14	Beijing	10/14	8	14
Birmingham	10/14	8	14	Dallas	10/14	8	14	Bombay	10/14	8	14
Bombay	10/14	8	14	Denver	10/14	8	14	Calcutta	10/14	8	14
Buenos Aires	10/14	8	14	Detroit	10/14	8	14	Chengdu	10/14	8	14
Calcutta	10/14	8	14	Houston	10/14	8	14	Chongqing	10/14	8	14
Cardiff	10/14	8	14	Los Angeles	10/14	8	14	Guangzhou	10/14	8	14
Cebu	10/14	8	14	Miami	10/14	8	14	Harbin	10/14	8	14
Chengdu	10/14	8	14	Minneapolis	10/14	8	14	Hong Kong	10/14	8	14
Chongqing	10/14	8	14	New York	10/14	8	14	Kobe	10/14	8	14
Colombo	10/14	8	14	Phoenix	10/14	8	14	Kyoto	10/14	8	14
Dacca	10/14	8	14	Portland	10/14	8	14	Lao	10/14	8	14
Dakar	10/14	8	14	San Francisco	10/14	8	14	Manila	10/14	8	14
Damascus	10/14	8	14	Seattle	10/14	8	14	Medan	10/14	8	14
Dar es Salaam	10/14	8	14	Spokane	10/14	8	14	Osaka	10/14	8	14
Delhi	10/14	8	14	Tempe	10/14	8	14	Perth	10/14	8	14
Dhaka	10/14	8	14	Wichita	10/14	8	14	Phnom Penh	10/14	8	14
Dublin	10/14	8	14	Yonkers	10/14	8	14	Port of Spain	10/14	8	14
Durham	10/14	8	14					Rangoon	10/14	8	14
Edinburgh	10/14	8	14					Shanghai	10/14	8	14
Geneva	10/14	8	14					Singapore	10/14	8	14
Glasgow	10/14	8	14					Taipei	10/14	8	14
Hamburg	10/14	8	14					Tokyo	10/14	8	14
Hankow	10/14	8	14					Ulaanbaatar	10/14	8	14
Harbin	10/14	8	14					Vientiane	10/14	8	14
Hong Kong	10/14	8	14								
Kobe	10/14	8	14								
Kyoto	10/14	8	14								
Lao	10/14	8	14								
Manila	10/14	8	14								
Medan	10/14	8	14								
Osaka	10/14	8	14								
Perth	10/14	8	14								
Phnom Penh	10/14	8	14								
Port of Spain	10/14	8	14								
Rangoon	10/14	8	14								
Shanghai	10/14	8	14								
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THE AMERICAS

# Tapes Give Human Dimensions to the Caricatures of Tripp and Lewinsky

By Marc Fisher  
Washington Post Service

WASHINGTON — Unheard, the tapes were paper evidence and tabloid trash, a prosecutor's bonanza and a voyeuristic plunge into matters of ultimate privacy.

On Tuesday, the 22 hours of chatter between Monica Lewinsky and Linda Tripp became more familiar and more shocking — a sighing, giggling, sobbing soundscape of the American night, and a breathtaking study in betrayal.

The recorded conversations released by the House Judiciary Committee were immediately and endlessly played for a nation that claims to have had enough of

these two women. The content of the tapes was anything but new — the transcripts were released more than a month ago. But hearing the voices, hearing Mrs. Tripp's nasal tones alternately calming and cajoling the higher-pitched Ms. Lewinsky, revealed the humanity of two people who had become little more than caricatures.

The conversations Mrs. Tripp secretly taped last fall as she led her erstwhile friend and co-worker through emotional crises over her relationship with President Bill Clinton are steeped in the ambient sounds of suburban life. The TV blazes in Mrs. Tripp's Columbia home, snacks tumble from the fridge, and disjointed conversations fit from

the murmurs of soothing friendship to the dark buzz of conspiracy.

"It really feels like the conversation of two longtime women friends, and you have to remind yourself that the stakes are so high," said Kate Wilson, who teaches voice at New York University and coaches actors on Broadway and at Washington's Shakespeare Theater.

After reading the transcripts, Ms. Wilson had expected to be able to hear Mrs. Tripp's guile and Ms. Lewinsky's desperation. But when she listened to the tapes, she said, neither was evident. Instead, what the voice coach heard was Mrs. Tripp's clear dominance over a deeply needy Ms. Lewinsky. "Linda always knows when to cut in," Ms. Wilson

said. "Linda shuts Monica down with all these downward inflections."

Even as she watches baseball, eats and complains about her cat, Mrs. Tripp maintains her casual, apparently caring tone whether she is talking about the cost of living in New York or Ms. Lewinsky's plan to lie under oath.

Always in control, always the rock to her young friend's emotional quicksand, Mrs. Tripp sometimes sounds brassy and bold ("I don't cry as easily as you do"), sometimes loving and sympathetic ("I would say to my own daughter...") and sometimes just vulnerable enough to give Ms. Lewinsky a boost ("I came home and ate a huge truffle... Made myself sick.")

Ms. Lewinsky, in contrast, displays a far narrower emotional range, swinging from a shrill, girlish naiveté ("My mom doesn't hardly even believe it! I'm so, I am so, like, pulled!") to hyperventilating hysteria, becoming almost incomprehensible as she weeps about her inability to see the man she believes she loves.

Like Harpo Marx, J. D. Salinger and a generation of silent film, Ms. Lewinsky existed until Tuesday as a mute celebrity, an empty vessel into which millions could pour their fantasies and theories. The voice provided a dose of deflating reality.

"A little girl, a teeny-bopper," concluded Dale Davies, an insurance man,

as he listened to Ms. Lewinsky on TV replays of the tapes at a Washington bar. "I mean, as a professional person, you'd never date somebody who sounds like that. People would look at you funny."

Over at Burger King, lunchtime customers described the Ms. Lewinsky they heard for the first time as "a small, anxious voice" and "a dumb girl."

"I always knew she wasn't so smart," said an office assistant, Tonya Willis. "But you have to hear her to see how dumb she really is."

There were derisive comments about Ms. Lewinsky's "Valley Girl" inflections, her sentences that rise like questions, her coos and tee-hees.

But there were also gentler reactions, most of them noting how remarkably young Ms. Lewinsky sounded. On TV, pop psychologists deemed her voice "vulnerable" and "sympathetic." And Ms. Wilson, the vocal coach, found Ms. Lewinsky "honest." She added, "When I read the transcripts, I thought no one could say these things. But now you hear, it's not delusional. She believes every word Clinton said to her."

At the White House, where official attention is focused on the start Thursday of the House Judiciary Committee's hearings on impeaching the president, it was considered gauche to tune in to the all-Lewinsky television channels.

The White House press secretary, Joe Lockhart, dismissed the hubbub, saying, "My guess is that most people around the country won't be paying much attention, but the people who are obsessed with this story, this will just be a day in heaven for them."

Representative Louise Slaughter, Democrat of New York, dismissed the tapes as nothing more than "two dirty ladies talking about stupid things."

Although that reaction tracked much of the man-on-the-street view, Ms. Lewinsky's fans in cyberspace found the 24-year-old's young, often-pained voice sympathetic and alluring.

Monica is a very sensitive young girl trapped in a scandal, said the purveyor of *GoMonica.com*, one of dozens of Web sites devoted to Lewinsky worship or mockery.

Mrs. Tripp herself comments at various points on Ms. Lewinsky's voice, calling it "cute" and saying it makes her sound like a "little Marilyn Monroe vixen."

Mrs. Tripp's own voice has been heard in public before, most notably in an emotion-laden vibrato when she emerged from her grand jury testimony to tell the nation that "I am you."

But the tapes reveal a woman who could drop her voice and urge Ms. Lewinsky with fervor to save the semen-stained dress that would ultimately be the strongest evidence of her relationship with Mr. Clinton.

"I'm telling you, I would say it to my own daughter, who would tell me to [expletive] off," Mrs. Tripp said, her voice raw with emotion and confident of her position.

Mrs. Tripp's is by far the more nuanced performance. Ms. Wilson said the only indication she could hear that Mrs. Tripp was setting up Ms. Lewinsky came in her frequent prefaces to new topics, phrases such as "O.K., about the blue dress..."

"Linda's smart enough to use the preface to calm Monica down," the voice coach said. "It's what a good actor or lawyer does: she puts forth her thesis first and in a comforting way."

At another point, Mrs. Tripp notes that the president "has no clue how... lucky he is. I mean, how did he know... that you weren't taping his wacko conversation with you at four in the morning?" Mr. Clinton did not know, because he trusted Ms. Lewinsky, who trusted Mrs. Tripp, who hit "record" and chatted through the nights.

## Settlement Of Jones Case Bogs Down In Disputes

By Peter Baker  
Washington Post Service

WASHINGTON — The ink has barely dried on the \$850,000 settlement agreement between President Bill Clinton and Paula Jones, who had accused him of sexual harassment, but already sticky financial and legal disputes are threatening the deal before any money can change hands.

The issues boil down to where Mr. Clinton will get the cash and how Mrs. Jones will disburse it.

As the president's advisers try to put together a package that will not cost him anything personally, they are facing a new court challenge. And a fee dispute among past and present lawyers for Mrs. Jones has led to the prospect of even more litigation.

The hitches are unlikely to unravel the settlement, according to lawyers involved, but could make for a trying few weeks as they try to iron them out. Even the pro forma filing of a motion asking a federal appeals court to dismiss the case in accordance with the settlement agreement was briefly held up Tuesday amid a last-minute disagreement over whose names would be on the check.

In the end, the motion was filed with the 8th U.S. Circuit Court of Appeals. The three-judge panel that has been considering whether to reinstate Mrs. Jones's case may act at any time now to formally and finally dispose of the sexual harassment lawsuit that has plagued Mr. Clinton for four and a half years and set in motion events that led to the impeachment hearings that are to open Thursday on Capitol Hill.

Before they decide, the judges will have to consider a petition filed Tuesday by Judicial Watch, a conservative watchdog group that has filed numerous lawsuits against the Clinton administration. The brief asked the court to block the settlement because it may be financed by the president's legal defense fund or his insurance companies, arguing that either would be improper.

"We're not against the settlement," said Larry Klayman, chairman of Judicial Watch. "That's your right. But use your own money. Why open your self to influence peddlers?"

The Clinton camp has not decided how to come up with the \$850,000. Although advisers have considered Mr. Clinton's defense fund, which has more than \$1.5 million, sources said that option may be ruled out because the fund's bylaws do not envision contributing to any settlement.

The president's advisers instead hope to come up with most of the money from the same insurance companies that have paid some of his legal bills.

If they fail to get the full amount from the insurance companies, sources said, White House advisers are looking at setting up an organization to solicit donations with the help of the Clinton fund-raiser Terence McAuliffe.

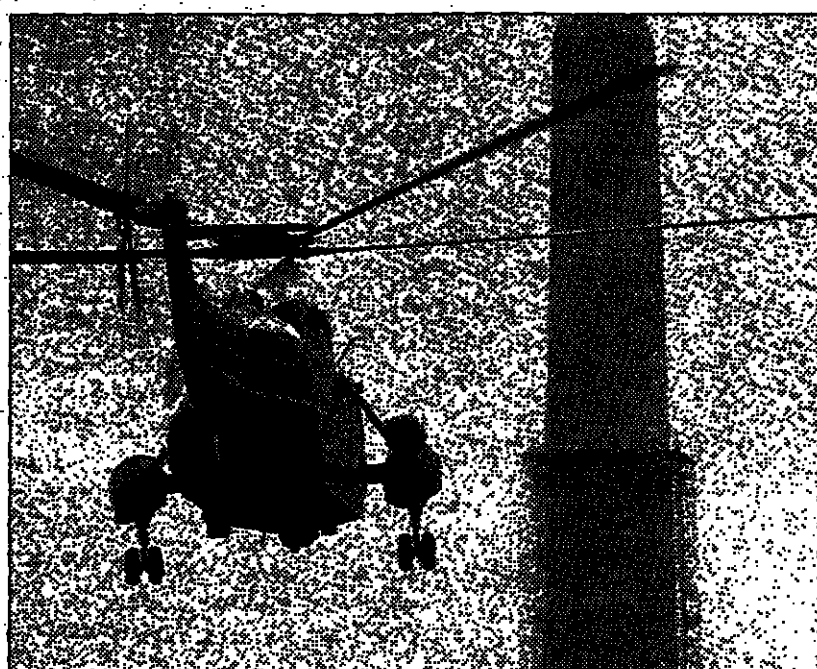
Once the money is in hand, the question becomes whom to give it to. The settlement signed Friday said the money would "be paid to the plaintiff" within 60 days, but Mr. Clinton's attorney, Robert Bennett, may also list the names of her former lawyers on the check because they have an \$800,000 lien against any proceeds from the suit.

If he did not put their names on the check, several lawyers said, Mr. Clinton could be exposed to a lawsuit by those former Jones' lawyers, Joseph Cammarata and Gilbert Davis. But putting the former lawyers on the check drew an objection from Mrs. Jones's current lawyers, who are slated to receive one-third of the \$850,000.

Donovan Campbell Jr., one of the current lawyers, wrote Mr. Bennett withholding permission to file the motion to dismiss the case unless he got a written commitment that the check would not include any name other than that of Mrs. Jones. But Mr. Bennett then called another Jones lawyer, William McMillan, and persuaded him to intervene. Mr. McMillan stepped in and allowed the motion to be filed.

Mr. Cammarata said it was "unfortunate" that Mrs. Jones, through Mr. Campbell, appeared to be "renegeing" on her agreement to pay the lawyers who took her case all the way to the Supreme Court and won the right to proceed.

The current Jones team could argue that the lien filed by Mr. Cammarata and Mr. Davis was not valid and that other lawyers did much of the work for them. But Mr. McMillan said he was optimistic about upcoming negotiations with Mr. Cammarata and Mr. Davis. "I've got two months to take care of it," he said, "and I'm confident I'll be able to do that."



Mr. Clinton's helicopter passing the Washington Monument on Wednesday.

## Investigations of Starr's Office

New York Times Service

Complaints of misconduct by the office of independent counsel Kenneth Starr are being examined or reviewed by several government and nongovernment offices. Among them are these:

- The Justice Department has been examining the origins of Mr. Starr's investigation of President Bill Clinton's relationship with Monica Lewinsky and is deciding whether to investigate a complaint, first raised by one of Ms. Lewinsky's early lawyers, that Mr. Starr's office improperly pressured Ms. Lewinsky into cooperating at the outset of the inquiry last January.

- The department has reviewed and dismissed a number of accusations raised by Mr. Clinton's lawyers and others. It found no evidence that Mr. Starr acted unethically or withheld pertinent information about the timing of his initial contacts with witnesses, like Linda Tripp, when he asked the

department to expand his inquiry to include the Lewinsky matter.

- An inquiry is under way into charges that Mr. Starr's deputies improperly disclosed federal grand jury information to news organizations. Judge Norma Holloway Johnson, who has been presiding over the federal grand jury examining the Lewinsky matter, named John Kern, a senior District of Columbia judge, to conduct the inquiry.

- An examination into whether David Hale, an important Whitewater witness, received payments from Mr. Clinton's political adversaries is being conducted by a special investigator, Michael Shaheen.

- In addition, the District of Columbia Bar Association is reviewing whether prosecutors on Mr. Starr's staff violated provisions of the District bar's ethics code. The nature of the accusations has not been disclosed.

## Away From Politics

- Nearly half of all rape victims were assaulted before their 17th birthday, according to a study commissioned by the government. And an estimated 17.7 million women in the United States — nearly 18 percent — have been raped or have been the victim of attempted rape, said the study, which was released by the Justice and Health and Human Services departments. (AP)

- The Voyager 2 spacecraft, approaching the edge of the solar system, has re-

established contact with Earth after a 66-hour communications blackout. (AP)

- Catholic bishops, for the first time, elected a black American to one of their top two posts, signaling their eagerness to acknowledge the growing number of blacks in the ranks of the church. Bishop Wilton Gregory, 50, of southern Illinois was elected vice president of the National Conference of Catholic Bishops and the United States Catholic Conference. (WP)

## POLITICAL NOTES

### Senate Leaders Escape Republican Regicide

WASHINGTON — Republican lawmakers in both houses seethed over their party's poor showing in the Nov. 3 elections, accusing their leaders of losing the cutting edge that helped the Republicans win control of Congress only four years ago. But their resulting actions could not have been more different.

In the House, an insurrection in Republican ranks forced the speaker, Newt Gingrich of Georgia, to step down and triggered efforts to unseat other leaders.

But the Senate majority leader, Trent Lott of Mississippi, appears to have escaped challenge, and there is only one threatened contest for a second-tier Republican post when the Senate chooses its new leaders Dec. 1: a possible bid by a freshman, Chuck Hagel of Nebraska, to unseat Mitch McConnell of Kentucky as chairman of the Republican senatorial campaign committee. (WP)

### A Great Western Primary

SALT LAKE CITY, Utah — Leaders from eight Western states voted to hold their presidential primaries on the same day, in hopes of increasing the region's influence in national politics.

The Western Presidential Primary Task Force on Tuesday approved a plan to hold the election on the Saturday after the first Monday in March. In 2000, that would be on March 11, between the New York and California primaries and Super Tuesday in the South.

The proposal needs the approval of legislatures in each of the states: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah and Wyoming.

The task force of lawmakers, party leaders and other elected officials agreed that the unified primary would force candidates to spend much more time campaigning in the region and talking about issues such as water, land use, population growth and nuclear waste. (AP)

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## INTERNATIONAL

## Weighing Risks and Hazards on Eve of First Launching for Space Station

By Kathy Sawyer  
Washington Post Service

WASHINGTON — The expected launching this week by the United States and Russia of the first component of an orbital space station opens a new phase in human space exploration with an enterprise no less audacious than the building of the pyramids in Egypt or the great cathedrals of Europe.

Their vision calls for workers from 16 nations to cooperate across barriers of language and culture in the orbital construction of a 460-ton, \$63 billion space station more than a football field in length on one of the most hostile frontiers known.

At the same time, the project, for many, has taken on the aura of a technological unicorn, an impossible beast of dubious purpose, credible only in the eyes of true believers.

But even if the first two construction flights go well this month and next, the undertaking faces a

future fraught with risks and hurdles, including the ever-present possibility of a catastrophic accident that could halt the program, and the potential for a total collapse of the already troubled partnership with Russia as that country's economy unravels. Some aspects of the plan are still being worked out, including lingering problems with software for American components and fallback plans in case the Russians default on their commitments.

Randy Brinkley, the U.S. National Aeronautics and Space Administration's space-station manager, said recently that, while he feels some of the dangers and costs have been exaggerated, "I would caution the American people to lower their expectations," and understand "that this was going to be hard."

Now the hopes as well as the doubts are likely to become submerged in the effort itself, as it unfolds 220 miles (354 kilometers) above Earth. The two former adversaries are poised to place in orbit the

station's cornerstone, opening the construction phase of the most ambitious international engineering project ever attempted in peacetime.

A 43,000-pound (19,500-kilogram) control module called Zarya (Sunrise) is ready for liftoff from Russia's Baikonur Cosmodrome in Kazakhstan, at 0640 GMT Friday. About two weeks later, astronauts are to mate it with Unity, a 25,000-pound connecting passageway hauled to orbit by the space shuttle Endeavour.

These two are the first of dozens of launchings and at least 160 two-person spacewalks that will be required to finish the project, which has slouched toward this moment through almost 15 years of crises and controversy. The construction job in space is to take at least five years more.

The components have been flowing in for months from towns and villages across the United States and in other countries to the launch complex half a world apart, at Kennedy Space Center in Florida and at Baikonur, on the steppes

of Central Asia. Accumulating in the cavernous processing facilities are pressurized pods the size of city buses, and nests of antennae and girders, with miles of bundled wire snaking everywhere.

"I don't sleep between 2 and 4 A.M.," said NASA's Greg Harbaugh, veteran of three space shuttle flights and now director of the space-walking crews who will do much of the work. "I'm so concerned about all these connectors coming together. Even the simplest one could stop us in our tracks. Thousands and thousands of interfaces. This is what gives me nightmares."

The completed facility is to house international crews of seven at a time, for months-long tours of duty, for perhaps 15 years. A potential Tower of Babel in orbit, the project also includes 11 European countries, Japan, Canada and Brazil. The U.S.-built components, for example, do not use the metric system, while the others do.

Between now and December 2003, congressional investigators note, the plan calls for more

than 90 U.S. and Russian launchings to the space station, not only to assemble and resupply it, with up to eight tons of propellant per year, for example, but also to conduct scientific research and engineering tests. Experts caution that it is un-engineering tests. Experts caution that it is un-engineering tests. Experts caution that it is un-engineering tests. (The shuttles have flown 92 missions in their 18-year history.)

Similar anxieties apply to the task confronting the crews that must assemble the outpost. To build the space station will require some 960 hours of spacewalking, more than 600 hours by U.S. astronauts. This dwarfs the 377 hours of American spacewalk experience to date, Mr. Harbaugh said, and is the equivalent of about 30 missions like the elaborately choreographed one required to repair the Hubble Space Telescope. Mr. Harbaugh and others earlier told project managers bluntly that the demands had gotten out of hand. "We drew a line in the sand," he said. "No more growth" and "we are not kidding."

## Vote Throws Netanyahu Government Into Disarray

Compiled by Our Staff From Dispatches

JERUSALEM — Prime Minister Benjamin Netanyahu faced political disarray Wednesday after his own camp denied him majority support in a vote by Israel's Parliament that endorsed his peace deal with the Palestinians.

Several politicians said the embarrassment had increased the chances of a snap election or a national unity government in early 1999.

"I don't think it's possible to function with a coalition like this," said a government partner, Aryeh Deri, whose ultra-Orthodox Jewish Shas party supports the accord.

Mr. Netanyahu's coalition clings to power in the 120-member Knesset by a 61-to-59 majority.

Israeli and Palestinian officials resumed long-suspended talks about a final peace treaty Wednesday.

Israeli Foreign Minister Ariel Sharon played host to the Palestinian leader Mahmoud Abbas in Jerusalem. Mr. Abbas, known as Abu Mazen, said actual negotiations would probably begin "in a week or 10 days."

## Plan Wins Substantial Support

Deborah Sontag of The New York Times reported earlier:

The Israeli Parliament on Tuesday approved the American-brokered peace plan by a significant majority, reflecting the widespread pragmatic acceptance here of partitioning the land of Israel.

Mr. Netanyahu, whose Likud Party was created to defend the Jewish homeland from territorial compromise, turned his back on the party's founding credo. In so doing, he won a far more substantial victory, with 75 yes votes, than the Labor Party, with its slim margin of support, won for the original Israeli-Palestinian peace accord signed in Oslo in 1993.

But he did so only with the Labor opposition's support. Only half of his



Ultra-Orthodox Jews holding hands as they repeated a prayer while walking in circles in front of the Western Wall in Jerusalem on Wednesday to mark the beginning of a new month in the Jewish calendar.

coalition government voted for the agreement. Two of his cabinet members voted against it, and five ministers, all Likud members, walked out of the chambers, refusing to vote.

"You are carried today on the hands of the opposition, like in a hammock," said Eli Goldschmidt, a Labor member of Parliament.

"Onward to peace!" The decision had the makings of a watershed moment, but it did not feel like one here Tuesday. After nearly five years of on-and-off again negotiations, of terrorism, political assassinations and changes in leadership, caution has tempered the enthusiasm — and the hostility — that many once felt toward the peace accord.

There was no clapping or cheering when the tally was announced — 75 for, 19 against and 9 abstentions. Sixteen members did not vote.

Shortly before midnight, the session fizzled out.

From the outset, Mr. Netanyahu set the tone. "This is not a day of jubilation," he said. He presented his land-

for-security plan to the Parliament as a painful and unavoidable reality, and it was accepted with resignation.

"I would have expected the prime minister to speak of joy," Walid Sadek, an Israeli Arab member of Parliament, said. "To say, 'There's peace, happiness, a new wind blowing through the region.' But what we heard were words of arrogance and of humiliation for the Palestinian people."

Mr. Sadek addressed an all-but-empty chamber, typical of the two days of discussion leading up to the final hours of full attendance. For two days, the floor of the Parliament was generally occupied only by the speaker and the next in line to speak. "People, or should I say, chairs," one member began.

And even as they concluded that they would vote for the "path of peace," most members from both left and right maligned the agreement. It was a bad plan, they said, or a dangerously delayed one, or hollow — no longer buoyed by the trust that led to the original accord.

"I can say with certainty that this agreement could have been obtained a

year ago," said David Levy, the former foreign minister, who resigned early this year, partly out of frustration with stagnation in the peace effort. "And we wouldn't be left, so many of us, with a bitter taste in our mouths."

There were few kind words for Mr. Netanyahu, and the attacks from his own right wing carried the sharpest bite.

Michael Kleiner, leader of the right-wing Land of Israel front in the Parliament, pronounced Mr. Netanyahu finished and the Likud Party irrelevant. "They broke the ideological backbone of their movement," he said. "The whole existence of Likud was based on keeping the land of Israel undivided. Now what is the difference between Likud and Labor?"

Still, there was no serious talk of bringing down Mr. Netanyahu's government, especially after the prime minister strengthened his tenuous hold on power early this week by persuading the National Religious Party — all of whose Parliament members voted against the accord Tuesday night — to remain in his coalition.

(Reuters, AP)

From Asset to Albatross  
Republicans 'Out of Gas' on ImpeachmentBy Alison Mitchell  
New York Times Service

WASHINGTON — Despite all of the jockeying over witnesses and evidence, one truth shines clearly about the House impeachment inquiry: A process once conceived of as a matter of supreme seriousness has become just another piece of political theater on Capitol Hill.

Representative Henry Hyde, Republican of Illinois and chairman of the House Judiciary Committee, was supposed to save his party from just such a pitfall as the senior statesman who would lead the House through America's third impeachment proceeding against a president.

After all, Mr. Hyde was not Senator Alfonse D'Amato, Republican of New York, whose Senate White House hearings were so discredited that Mr. Burton had to dismiss his chief investigator.

But now as the House Judiciary Committee prepares to call the independent counsel Kenneth Starr as its first witness on Thursday, Mr. Hyde presides over an investigation that has become a millstone for his party. Although Mr. Hyde has yet to call a single witness, the public long ago made up its mind that it wanted President Bill Clinton to remain in office.

It signaled that in polls, and then, more forcefully, in the elections this month. This quandary is causing Mr. Hyde and his panel to veer first in one direction and then another as they seek to make their investigation seem more credible and to deal with House members who just want to call the whole thing off.

"Since Election Day two weeks ago, Republican interest in impeaching this president is running out of gas," said Representative Jack Quinn, Republican of New York. "Henry Hyde is in a bit of a bind there. He's started down this track. Now the question becomes how do we stop it."

Mr. Hyde has repeatedly insisted that his task as chairman of the same committee that presided over the Watergate

inquiry 24 years ago is to enforce the law and make sure no man stands above it. "The president of the United States is the trustee of the nation's conscience," he said the day the House voted to authorize an impeachment inquiry. "We are entitled to explore fairly, fully and expeditiously the circumstances that have been alleged to compromise that position."

But more and more Republicans are saying that the House may very well lay the votes to impeach the president, and the incoming speaker, Representative Robert Livingston of Louisiana, is said to want the investigation wrapped up. In this atmosphere, Mr. Hyde is having a great deal of trouble balancing the imperatives of a fair and full investigation with the idea of an expeditious one.

At first, he and committee Republicans thought the solution was to showcase Mr. Starr as the only major witness, accept the record that the independent counsel submitted to the House when he said "substantial and credible evidence" existed of 11 possibly impeachable offenses and leave it to Mr. Clinton to contest any of Mr. Starr's findings when the president answered 81 questions from the committee.

But that brought criticism from the Democrats that Mr. Starr was witness to nothing and that he was simply being given a platform to rehabilitate his image. He could not resolve the discrepancies that exist between Mr. Clinton and Monica Lewinsky about their sexual contact, nor Ms. Lewinsky's differences with Betty Currie, Mr. Clinton's secretary, about why Mrs. Currie retrieved gifts the president gave to the former White House intern.

Some committee Republicans also said they were concerned that they were not building the clear factual record that would allow them to charge the president with perjury, obstruction of justice and witness tampering. "In terms of history, 10 years from now when I look back on how I cast a vote, I want to say I did it on a factual record and eyewitness testimony," said Representative Asa Hutchinson, Republican of Arkansas, a member of the Judiciary Committee. "I think that is important."

So Tuesday the Republicans decided to call new witnesses, and were weighing going beyond the Lewinsky matter to hear from John Huang, the former Democratic fund-raiser who was at the center of the campaign finance controversy in 1996. Mr. Huang has been granted immunity by Mr. Starr for cooperation in his investigation of Webster Hubbell, the former No. 3 official in the Clinton Justice Department.

The Republicans sought in part to blame the Democrats for the new strategy. They noted that the president has yet to respond to the questions he was sent and charged that Democrats want to put Mr. Starr on trial instead of the president.

But it is also the case that as uncooperative as the Democrats have been, the committee itself did nothing for nearly a month, despite knowing that it was to complete its inquiry by year's end, took no depositions and waited for the Election Day mandate that never came.

Now, the committee's Republicans wait to see whether something will change the sense that they are investigating a president who will never be convicted in the Senate and might not be impeached by the House.

"We'll have the hearings and have the debate," Mr. Hutchinson said. "I hope Congress will be listening to it and we'll see if it changes the dynamics."

## Pretoria Details Arms Purchase Worth Billions

Compiled by Our Staff From Dispatches

PRETORIA — The South African cabinet has unanimously approved a massive defense procurement program, agreeing to buy military equipment worth billions of dollars, Deputy President Thabo Mbeki said Wednesday.

South Africa will buy the equipment from a range of European and Canadian manufacturers, he said.

Mr. Mbeki said South African officials would negotiate further with preferred suppliers to "achieve an affordable final package."

Defense Minister Joe Modise on Tuesday told the opening of a defense exhibition that he hoped for cabinet approval this month of the 10 to 15-year program to re-equip the armed forces at an estimated cost of 30 billion rand (\$3.28 billion).

Mr. Modise said the purchases would increase investment and jobs in South Africa, rebuffing critics who say South Africa can ill-afford to splash out on arms while education and health care remain in disarray and millions are still homeless.

The cabinet said the package would provide an estimated 64,000 jobs for South Africa.

Deputy Defense Minister Ronnie Kasrils told reporters on Tuesday he expected the cabinet to approve a selection of preferred bidders for seven contracts.

He said final negotiations could take two to three months and that delivery was unlikely to begin before 2002, with the first payments beginning three years after contracts are signed.

Countries short-listed are: Germany, Britain, Spain and France for four corvettes; Italy, Sweden, France and Germany for four submarines; Britain and France for five or six maritime helicopters; Italy, Canada and France for 60 light-utility helicopters; Germany, France and a British and Swedish consortium for 38 advanced light fighters; Britain and France for 108 main battle tanks; and Britain, Italy, Russia and the Czech Republic for 24 jet trainers.

South Africa is looking for billions of rand worth of investment guarantees, technology transfers, export orders and joint-venture deals linked to each proposed arms purchase.

(AFP, Reuters)

## Meteor Shower Not So Great, or Risky, as Expected

Compiled by Our Staff From Dispatches

TOKYO — Hundreds of thousands of bleary-eyed Asians returned to work Wednesday after getting the best seats on Earth for a meteorite show that failed to live up to its spectacular billing.

Japan counted the cost with at least two people killed in star-gazing accidents, while spectators in Thailand, China and Hong Kong struggled to see the celestial extravaganza through clouds.

The Leonid shower, so named because the meteors appear to come from the direction of the constellation Leo, is caused by Earth's passage through the long tail of the Comet Tempel-Tuttle. Leonid showers occur each November but are spectacular only every 33 years when the comet travels through the inner solar system and sheds swarms of particles as it nears the sun.

Fears that the comet dust, speeding along at 248,000 kilometers (153,000 miles) an hour, would damage some of the 600 or more satellites in orbit and disrupt communications did not appear to be borne out.

"We passed the peak and the peak was actually less intense than predicted, and there are no incidents related to the storm," said Gregory Hughes, spokesman for Aerospace Corp. in El Segundo, California. As a precaution, satellite operators will be on staff for the next 24 hours, he said.

U.S. military satellites weathered the meteor storm

unscathed, air force officials said.

"We were prepared for the worst and were pleased the shower did not directly threaten our space assets," said Major General Gerald Perryman, commander of air force space operations.

In Japan, tens of thousands of people who gathered on beaches, in parks and on rooftops craned in the dark early hours to see the particles raining from the comet. In the coastal resort of Kujukuri, about 60 kilometers southeast of Tokyo, thousands cheered and applauded the meteorites, visible at a rate of about one a minute.

"This is one of the greatest memories of my life," said a 25-year-old businessman, Katsuyuki Masui. But a 19-year-old student, Minoru Suzuki, fell to her death from a bridge southwest of Tokyo while sitting on a handrail gazing at the celestial display, the police said.

The meteor storm was also blamed for the death of Haru Ishii, 73, in Tochigi, southeast of Tokyo, who was knocked down by a truck whose driver was staring upward, the police said.

Families gathered on rooftops in Tokyo, where lights had been turned off by major businesses at the request of the government, to witness the meteor shower.

In China, which had been expected to get the best view, hundreds braved temperatures as low as minus

20 degrees centigrade (minus 4 Fahrenheit), but despite clear skies, they saw almost nothing.

For thousands of Thai stargazers the promised meteor storm turned into a disappointment. "I am very disappointed," said Nara Meunkaew. "I saw only 20 meteors."

Hong Kong police estimated that more than 30,000 people, most of them young, flocked to beaches, hills and other vantage points.

The crew of the Russian space station, Mir, spent the peak of the storm inside the Soyuz escape capsule and neither saw nor heard the shower, Mission Control said, according to the Itar-Tass news agency. All of the station's systems were functioning normally, it said.

The National Aeronautics and Space Administration sent up research planes from Kadena Air Base on Okinawa in an attempt to learn about the origins of life on Earth and the planet's relationship to the cosmos. The NASA planes will provide scientists with data on the molecular composition of the cosmic debris and any traces of organic material it may carry.

In the United States, the best seats were wherever the sky was darkest and clearest. Crowds that gathered at sites in the Mojave Desert in California were enthusiastic. Sandra Macicka, 36, of San Jose, saw about 30 meteors. "I could see in front of me big streaks of light falling on the highway," she said. (AFP, AP)

## GERMANY: Schroeder Criticized

Continued from Page 1

teriorate into "ad-hoc intervention" that "lacks coordination and will often fail to have the desired effect."

"In the economic programs announced, and partly implemented by the government, there are many inconsistencies," the panel said.

That muddle reflects an unhealed ideological split within Mr. Schroeder's government between the old-guard Socialists, who want to increase demand with lower lending rates, looser spending and higher wages, and the chancellor's cadre of pro-business centrists.

The advisers forecast that growth will dip from a real, or inflation-adjusted, 2.75 percent this year to 2 percent next year, which is even lower than the 2.2 percent forecast this week by the Organization for Economic Cooperation and Development.

Business already has begun to

sharpen its attacks ahead of the roundtable, which begins Dec. 7. Echoing the five advisers, Hans-Olaf Henkel, president of the German Industry Federation, accused the government of "unsettling the investors and worsening the preconditions for more investment and jobs."

Some of Mr. Schroeder's business-friendly ministers appear on a collision course with the powerful IG Metall trade union. Emboldened by the new government, IG Metall has demanded an ambitious 6.5 percent wage increase next year under the slogan, "No More Wage Modesty!"

Economics Minister Werner Mueller has urged the unions to show restraint in wage talks. In a newspaper interview, Mr. Mueller warned that steep wage increases would not lead to new jobs or job security.

## Meeting in London

The German finance minister, Oskar Lafontaine, will visit Lon-



Chancellor Schroeder displaying the economic report.

## PARTY: Republicans Vote for Livingston as Speaker

Continued from Page 1

Republicans swept back into the majority in Congress in 1994, Mr. Gingrich led what many called a Republican Revolution. But while he often was considered a brilliant strategist, his style was often confrontational, and after an early burst of activity, his public approval ratings were often below 20 percent.

The vice president is first to succeed the president in case of death or incapacity; the speaker is next in line.

Three days after the election, Mr. Gingrich surprised fellow Republicans by announcing that he would quit the speakership and his House seat as well.

Mr. Livingston has vowed to focus on management of the House, rather than attempt to be a philosophical leader in the Gingrich mold. He is a close friend of Mr. Gingrich's, who in 1994 selected him to head the Appropriations Committee, which has

control over more than a third of the \$1.7 trillion federal budget.

In the fight for the House majority leader, Ms. Dunn, a moderate, was seeking to become the highest-ranking female representative ever. She was a favorite of Republicans who argue that the party must moderate its message and appeal to women voters.

While Mr. Largent was backed by conservatives eager for a sharper, more aggressive approach, Mr. Amney, in a show of unity,

appeared after the vote with Mr. Largent and Ms. Dunn and indicated a readiness to take the recent election results into account.

Mr. Largent said, "I hate to lose," but added, "I will continue to fight for the things we believe in as a party."

Ms. Dunn called the leadership election "a very high-road race." The majority leader controls the flow of legislation to the House floor and is the chief strategist for the party.

## U.S. Sets Guidelines for Diet Ads

New York Times Service

NEW YORK — For the first time, the Federal Trade Commission is issuing advertising guidelines aimed specifically at the booming dietary supplement industry in the United States.

Last week, the commission

e-mailed warnings to 1,200 Internet sites that it said had made "incredible claims" for drugs, vitamins and dietary supplements. It has also taken legal action against seven supplement manufacturers over advertising claims for various products.



## Tibet Monasteries Suffer in China's 'Rectification' Drive

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## TribTech

## Updating the Low-Tech Batteries That Run the High-Tech Gadgets

By Michel Marriot  
New York Times Service

NEW YORK — You're on a long flight and your tray table is a nest of spreadsheets and scribbled notes, raw material for a due-yesterday report that you are banging out on your laptop computer. Then, somewhere over Ohio, your computer's batteries give out.

Or you're dutifully attending your child's school performance and when junior finally takes center stage to deliver his big number, the camcorder spitters, flashes a "low batteries" message, then goes dark.

Sound all too familiar? Batteries, cells, packs and button-size disks that people cannot live without, are dying like flies. Or so it seems when you need them. People in the electronics industry agree that batteries are a weak point in portable technology. A common consumer complaint is that they do not last long enough, or they do not last as long as battery manufacturers suggest they should.

At the heart of the disparity, battery makers and retailers say, is that batteries are the products of chemistry while microprocessors are the offspring of physics. While the microprocessor industry has steadily found ways to greatly shrink the size of chips and increase their performance, battery manufacturers have been hard pressed, after more than two centuries of working at it, to improve at anywhere near the same rate the battery's electrochemical process that produces electricity.

In other words, the eight-day, one-ounce laptop battery is not even in sight. "Batteries are a lot more complicated than they seem," Mr. Hawk said. Still, there are some developments on the horizon. One is a radical variation on lithium ion batteries, the most sophisticated (and expensive) of rechargeable batteries. It is the lithium ion polymer rechargeable battery.

This battery promises to be powerful, yet lightweight and environmentally safe. Its designers note that the battery's body is thin and flexible, unlike conventional batteries, and it manages at least 500 charge and discharge cycles. Most of all, said Linnea Brush, senior research analyst for Darnell Group, a publishing and market research firm in Norco, California, the lithium ion polymer battery is much safer than its predecessor, which has been known to "vent flames" while recharging, which is especially dangerous on airplanes.

Joseph Carcone, vice president of Sanyo Energy (U.S.A.) Corp., said lithium ion polymer batteries will begin to appear in the marketplace sometime next year.



Michael Smith

higher and higher energy demands on batteries that are relatively slow to improve.

Another type of battery, the lithium-air cell, has yet to be developed but promises to be lighter and have a higher energy density than the polymer battery, Ms. Brush said.

This year, Duracell introduced an improved alkaline battery called the Dur-

acell Ultra that promises to be 50 percent longer lasting (and is more expensive) than the company's previous alkaline batteries.

Over the past two years, Eveready, whose strategy is to shy away from rechargeable batteries and concentrate on making disposable batteries that can handle high-tech devices, introduced its highest capacity batteries: the Energizer

Advanced Formula. Mr. Grady said the Advanced Formula battery represents a 100 percent performance improvement over Energizer's standard batteries.

In essence, all modern batteries, whether primary (the disposable kind) or secondary (the rechargeable kind) generate electricity by use of an electrochemical reaction. This, experts say, is accomplished by inserting two electrodes — one negative, a cathode, and one positive, an anode — into a material called an electrolyte, which helps in the flow of energy between the electrodes.

This sometimes is a liquid, as in the case of many rechargeable batteries, or, in the case of "dry cells," a paste.

When a battery runs down, the anode and cathode, which go through electrochemical changes as the battery produces electricity, reach a state in which they can no longer pass electrons between them. The voltage drops. The battery dies.

But that explanation is deceptively simple.

For example, the common AA alkaline battery that might power a portable cassette player contains more than two dozen components and materials, requires 40 manufacturing steps to assemble and involves more than 15 different chemical and electrochemical reactions to produce one spark of electricity.

And rechargeable batteries that typically power high-drain, high-tech devices like mini-disk players and handheld televisions are even more complicated. Contrary to popular belief, batteries do not store electricity. They store energy, which is translated into an electric current by chemical reactions in the batteries using, over the years, such substances as manganese dioxide, zinc,

nickel, lithium salts, hydrogen-absorbing alloys and potassium hydroxide.

It is the recalcitrance of chemical reactions that makes advances in batteries difficult. But some changes in materials, new combinations of more refined chemicals, have made battery components lighter, thinner and more efficient. The result has been higher power and energy densities, or stronger and longer-lasting batteries, Ms. Brush said.

Today, even computer-like circuitry is invading some batteries, particularly those high-end rechargeables that power some laptop computers, camcorders and cellular phones. These "smart batteries" started coming into use in the mid-1990s. They perform a range of duties from keeping the battery from being improperly charged to reporting its energy levels.

"You pay a little more, but smart batteries take the guesswork out," said Ms. Brush, who added that the use of these batteries is growing at an annual rate of 47 percent worldwide. But most batteries remain, as Ms. Brush calls them, "dumb."

One puzzling problem, even among smart batteries, is variability. How long will a charge last?

THE TRUTH is, many battery makers and retailers say, a mountain of variables make precisely predicting the battery life in the myriad modern devices that routinely gobble them up next to impossible.

"People use things differently," said John Grady, general manager for technology for Eveready Battery Co. based in St. Louis. A major factor in how a battery will perform is whether the device, a cellular phone for instance, is used continuously or intermittently. In the case of a cellular phone, continuous use is generally more taxing on batteries.

But choose the wrong batteries and even that truism can be spun on its head. High-power-density batteries, like nickel-cadmium ones, are best suited for uses that require short bursts of energy. For more sustained power, high-energy-density batteries, like nickel metal hydride and lithium ion, are better suited, Ms. Brush said.

Many other variables also cloud the business of predicting the life expectancy of batteries, including the design and efficiency of the device being used and the conditions under which they are used.

Heat, for example, like the kind produced in many laptops is a well-known slayer of batteries, battery makers say. So are digital cameras, which have quickly earned a reputation for quickly depleting batteries because of their high-power demands.

## The Common Batteries Used In Many Electronic Devices

New York Times Service

NEW YORK — The rechargeable batteries used in laptops, camcorders, telephones and other portable electronic gadgets come in several types. Here are the most common:

• Nickel cadmium, or NiCAD, batteries are the most common and most durable. The basic technology dates back to developments made in the electrical systems of the first manned American space ships. The battery is quick to charge and works well in extreme temperatures. It can take 700 to 750 charge-and-discharge cycles before losing battery life.

But these batteries are subject to the so-called memory effect, a condition that severely shortens battery life if the battery is not completely drained of power before recharging. If a four-hour nickel cadmium battery is repeatedly recharged after only one hour

of use, it will eventually run for only an hour before needing a recharge.

• Nickel metal hydride, or NiMH, batteries can be 40 percent more powerful than nickel cadmium batteries of the same size. They are less likely to suffer the memory effect and pose less of an environmental problem than nickel cadmium batteries. The life expectancy of a NiMH battery may be 500 to 1,000 charge-and-discharge cycles.

• Lithium ion, or Li-Ion, batteries are the newest. These batteries, depending on how they are used, may have twice the lifespan of comparable nickel metal hydride batteries. They are not prone to memory effect and will last for about 400 charges. But a Li-Ion battery can cost four times as much as a comparable nickel cadmium battery. It requires a special recharger and if tampered with can be toxic.

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## Careful of the Spy at Work: Your PC

New Surveillance Software Turns the Computer Into Big Brother

By Robert O'Harrow Jr.  
Washington Post Service

WASHINGTON — Ever feel that the boss watches you work a little too closely? That your every keystroke at the computer is scrutinized? That you cannot make a move without someone looking over your shoulder?

As it turns out, there may be a reason for your office angst. More software companies are offering sophisticated tools that can keep tabs on employees.

Forget about time clocks and records of long-distance telephone calls. These products allow the boss to know how often you visit that sport site on the World Wide Web, trade electronic mail with a pal over in accounting and play Missile Command.

The software can run on your computer at work without your knowledge.

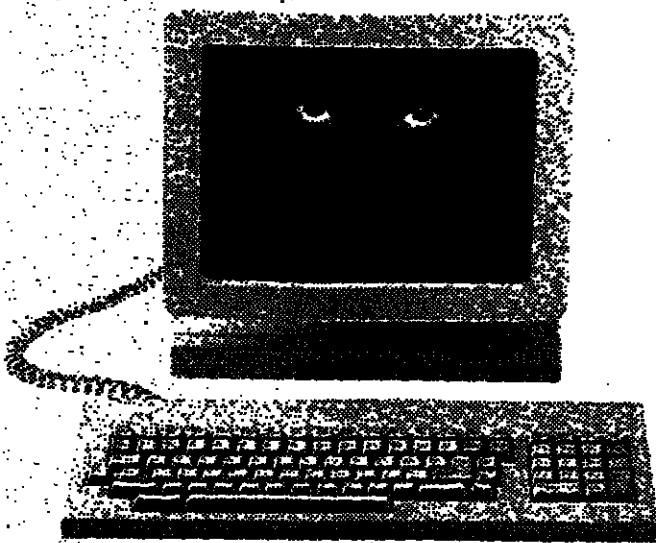
Developers of such software make the case that workplace fraud, stolen secrets and just plain laziness cost American companies a lot of money; some estimates place the losses in the hundreds of billions of dollars. They argue that a little workplace surveillance now can head off huge problems later.

Julie Allen, senior product manager for Tech Assist Inc., said her company's software, Desktop Surveillance, might help a boss prevent a lazy employee from cruising inappropriate sites on the Web or a temporary worker from deleting important files. The program, one of several like it on the market, costs \$55.

She said a surprising array of companies, organizations and individuals have bought the software since its release this year. Among them are the Federal Bureau of Investigation and local prosecutors, as well as mistrustful spouses who want to keep a close eye on their mates. Private investigators also have been offering it to clients.

"It's sort of like a truth meter. It tells you exactly what's happening," said Ms. Allen, adding that the software can be configured to send the boss a message whenever an employee on a company's internal network is doing something that is against the rules. "It could be any desktop activity at all."

Such monitoring is part of the growing use of technology to track employees. Business executives now routinely read employee e-mail and listen in on tele-



The Washington Post

phone conversations. Some companies have installed video monitors in offices, and some track the whereabouts of employees who use electronic pass keys. One company sells computer systems that allow restaurants and hospitals to track how often employees wash their hands.

ALL OF THIS is legal. Many companies argue that workplace privacy is an oxymoron. When someone is using a company computer and getting paid to work, some people argue, they have no right to send private e-mail, steal trade secrets or amuse themselves by cruising the Web.

What do privacy advocates think of it? Judith DeCew, a philosophy professor at Clark University, said people cannot expect to shield themselves at work in the same way they do at home and in the rest of their lives. "Employees have less of a privacy claim," she said.

Robert Gellman, a privacy consultant in Washington, agreed. "You don't have the same status as at home," he said.

But both said the burgeoning practice of watching workers could backfire, making employees feel less trusted and less enthusiastic about their jobs. So even though the use of this technology to monitor workers may be legal and

effective, it could hurt companies in the long run.

"People say, 'Hey, if they're going to treat me that way, I'm only going to do what they ask me to do,'" said Ms. DeCew, author of "In Pursuit of Privacy: Law, Ethics and the Rise of Technology." "It will have a chilling effect."

Mr. Gellman suggests that companies should make sure they spell out for employees how they use such software and the information it gathers. But even then he is wary of the practice, saying that it is part of a lamentable tendency for people to monitor one another.

"This is all part of that," Mr. Gellman said. "At some point, surveillance becomes counterproductive."

Ever since I started using the Internet at work, I've assumed that nothing I did with it was really private. When I misused a company computer, I was surprised to find out that the company was monitoring my activity.

One can only hope that as more companies adopt new methods to monitor their workers, they will do it in ways that do not undermine morale or intrude too far into their lives—and they will be sure to let their workers know.

ALT / Q&A with Patrick McGovern

## Voice Recognition and Other Advances

Asia Remains Strong Market for Technology, Despite the Downturn

Patrick McGovern is chairman of International Data Group Inc., a publishing company with more than 275 computer magazines and annual sales of \$2.05 billion. He shared his views on technology with Paul Floren of the International Herald Tribune at the Comdex technology show in Las Vegas.



Patrick McGovern says China will be the top market by 2012.

Q. What technologies do you see as particularly significant at this year's Comdex?

A. Voice recognition, I think, is one of the most significant breakthroughs. Also there have been many breakthroughs as concerns security and especially biometric approaches with fingerprint, voiceprint and retina scan technologies.

Q. Do you think that as the Internet grows and more "information appliances" come on to the market that this will mark the beginning of the post-PC era?

A. Well, it will be convergence. PCs are dropping in price while at the same time they are becoming more simple as concerns control and functionality being added to them. However, we will also see single-application computers or information appliances coming on to the market.

But if we take human psychology, people love to have power and sophistication. So if you have a \$400 powerful computer that can do several things and a \$200 information appliance that can do one thing, the psychology is that you would like to get the more powerful choice where you have more resources available.

Q. So Microsoft Corp.'s Bill Gates is right and Oracle Corp.'s chairman, Larry Ellison, is wrong?

A. Well, Larry says there is a real need for low-cost simplified computers, but at the same time the PC industry has been dropping prices and duplicating the characteristics that

recover without the additional costs of adding more people.

IT spending in Southeast Asia overall is about 8 percent higher than it was in 1997. Even if it is expensive for them because many of the companies are in weak economic condition, they think it is a good time to put into place an improved infrastructure and network system. As the economy recovers and business volume grows, profitability will be much stronger.

Q. If we take a look at Europe, which is experiencing high IT growth rates, much higher than any one predicted two years ago, is this growth sustainable and will it become an engine for more European innovation?

A. There are three elements driving European growth: They are catching up as concerns the Internet and networks, the euro requires an IT system that can handle at least two currencies, and then there is the Y2K [year 2000] problem.

Europeans have realized that they must progressively invest in creating the network system and the ability to use the Internet more effectively for customer communications as well as internal communications. The growth that we see today will leave Europe fully equipped to take advantage of electronic commerce tomorrow.

Europe had extraordinarily strong revenue growth last year, and it looks like 1999 will have the same high level. I think that by the end of year 2000 we will see a slowing of the growth because spending on the Y2K and the euro will have ended.

Q. What would be some words of wisdom for someone looking to invest in IT markets?

A. I would say to invest in companies and people that can show significant productivity gains allowing you to do more things at the same cost.

### BRIEFLY

#### SYQUEST CALLS IT QUIT:

SyQuest Technology Inc., once the pioneer in removable computer storage devices, filed for Chapter 11 bankruptcy protection this week and reached an agreement to sell "substantial assets." The buyer, which was not identified, would acquire its patents, other intellectual property, manufacturing and development equipment, finished goods, work in process, and raw material inventory for disk drives and cartridges.

SyQuest would not disclose the terms of the sale.

Once in the industry vanguard, SyQuest announced in August that it would cut its work force by half, or 950 jobs. After months of struggling, the company said Nov. 2 that it would shutter its operations.

On Tuesday, SyQuest said it would allocate a portion of the purchase price to provide warranty service for products already sold. In addition, the buyer

would provide customer support and warranty service for all SyQuest products it sells in the future. (Reuters)

**JAPANESE ENGINE:** Toshiba Corp., Toppan Printing Co. and Dentsu Inc. said they would set up an Internet search engine joint venture in Japan next month that aimed to be like the American Yahoo! Inc. site.

The companies said they hoped to have daily page viewership of 1 million by April 1999 and revenues of 1 billion yen (\$8.3 million) by 2001. (Reuters)

**LATIN NET CRAZE:** More Latin Americans are expected to jump onto the Internet next year, demonstrating the region's appetite for communication and information at a time when economies are slowing, industry executives said this week at the World Research Group 1998 Latin America Internet Service Provider Summit in Miami.

Subscriber growth is expected to slow, particularly at homes, as consumer spending in the region tightens, they said, but they forecast that the market for hooking up Latin companies to the Internet would not be as hurt.

Brazil's paying subscriber base, a widely watched measure for Internet growth in the region, should grow 40 percent to 70 percent next year instead of the more than doubling expansion rate expected this year, said Travis Good, director of market development at the international division of America Online Inc.

Other companies at the conference also said they expected subscribers and investments to continue to grow next year. Nutec Informatica SA, the largest of Brazil's 500 Internet service pro-

viders, said its investments for 1999 would be higher than this year, after they increased from 1997. The company is 70 percent owned by RBS Participacoes SA of Brazil and uses the brand name Zaz.

"The market will continue to grow," said Fernando Madeira Rodrigues, Nutec's Internet service director. "It'll grow fast but not as fast as this year."

He estimates that there will be 6 million paying Internet subscribers in Brazil by the year 2000, up from 1.1 million now. (Bloomberg)

**HOT SCANS:** Advances in scanner technology are among the hot products on display this week at Comdex, the annual computer show in Las Vegas.

Microtech Lab Inc. has designed a stand-alone scanning appliance that can be used without a computer. The Imagedeck has two drives, one for Iomega Inc.'s Zip disks, the other for traditional floppy disks. So rather than trying to link to a computer, users can scan documents, photos or other graphic images onto a floppy disk, which can be carried to another site. The Imagedeck is expected to retail at around \$500 when it is released in the first quarter of 1999.

Hewlett-Packard Corp., meanwhile, is poised to release a scanner called the Capshare 910, which is barely the size of a video cassette. It runs on batteries and can store up to 50 pages in its memory. Software allows big documents to be scanned in several parts and still appear as unified images, the company says.

Once a document is scanned, it can be downloaded into a computer by infrared transmission or a traditional serial cable. The Capshare will sell for about \$600 early next year. (IHT)

## Software Company Profits From Asian Banks' Woes

By Tom Fuller  
International Herald Tribune

KUALA LUMPUR — It is hard to imagine that a mountain of bad debt could translate into good business, but sored borrowing is a gold mine for Beacon Group.

The small Japanese software company specializes in helping banks analyze loans that borrowers have stopped repaying. These days, of course, there is no shortage of such bad debt in Asia. In Japan, banks at last count were estimated to have as much as \$1 trillion of bad or risky loans on their books.

But despite business opportunities in its home market, Beacon's most active market is Malaysia, one of the most highly leveraged economies in East Asia. For every dollar of goods produced in Malaysia, there is \$1.70 of debt, according to data from Standard & Poor's Corp.

Beacon's principal program allows a bank to trace easily what loans have gone bad and what sectors they belong to. It simplifies the bank's total loan portfolio by color-coding sectors.

If the construction industry turns from green to yellow, for example, trouble is brewing for the companies the bank lent to in that sector. If construction then turns red, the sector is classified as "nonperforming," the technical term banks use when loan payments are overdue by a certain amount of time.

Beacon has aimed its program at harried bank managers who want to be able to judge their bank's financial health

quickly — as well as judge to whom they can safely lend in the future.

Bank managers can also anticipate trouble by simulating different scenarios with the software. If a Malaysian company put up its own stock as collateral, for example, the manager could stipulate a wide range of share prices to judge the status of the loan.

"Some of these shares have gone from 100 ringgit to 1 ringgit," said Jennifer Higgins, the company's general manager. "If that's your only collateral, — oops."

Beacon has installed the system at several Malaysian banks, including the largest, Malaysian Banking Bhd., and several companies in Singapore. Although managers at Beacon targeted Malaysia because of the country's heavy debt burden, they also benefit from the country's relatively strong information-technology infrastructure.

Some neighboring countries offer little opportunity for the company because banks in those countries are not computerized enough to be able to use the program.

Corruption also could hinder the implementation of the software.

Mrs. Higgins recalled installing software at a Thai company several years ago and running into a peculiar problem. Tiny sums of money were disappearing from every transaction. What initially appeared to be a computer glitch was actually a meticulous exercise in skimming millions of baht from the company's books.

# adaptability

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France Telecom



# BAVARIA

Millions of people come to Bavaria every year to do business and to get to know its attractions, traditional and modern. Bavaria has both Germany's richest heritage of natural and historic attractions and its most modern business base, which provides everything from advanced cars to computers, rockets to biotechnology. Right: Bavaria by the high-tech, for the high-tech — in English or in German.



## THE STATE OF BAVARIA

POPULATION: 12 million  
 AREA: 70,551 square kilometers  
 (27,241 square miles)  
 CAPITAL: Munich (pop. 1.27 million)  
 PRIME MINISTER: Edmund Stoiber  
 OTHER MAJOR CITIES:  
 Nuremberg (pop. 452,000)  
 Augsburg (260,000)  
 Würzburg (127,000)  
 Regensburg (126,000)  
 Ingolstadt (112,000)  
 Firth (108,000)  
 Erlangen (101,000)

## START-UPS AND NEW IDEAS CREATE JOBS

The public and private sector know how to take sound risks — and reap the dividends.

The report in early November 1998 from the Nuremberg-based Federal Labor Office was nothing new. Continuing one of the longest winning streaks in Germany's economic history, the Bavarian unemployment rate in October — 6.2 percent — was once more the lowest among the country's states. The Freising area, where Munich's airport is located, turned in the country's absolute lowest rate: 3.4 percent.

Also not new, but still very gratifying, was Bavaria's ongoing drop in unemployment, down eight-tenths of a percentage point from October 1997.

With the number of vacant positions running at near-record levels, the state's unemployment figure is set to drop still further.

The "whats" of Bavaria's great job-creating machines are well-documented. Two recently published studies have addressed the "whys" and "hows," looking into the question: exactly what is Bavaria doing right?

"Starting up and running enterprises." That's the answer from Cologne's Institut der deutschen Wirtschaft (IWD, the Institute of German Economic Affairs) in late November. The study's key finding was that "a high rate of self-

employment and a low rate of unemployment go hand in hand."

To buttress this point, IWD points to Upper Bavaria, the region stretching from Ingolstadt in the north to the Alps and encompassing greater Munich. Some 14 percent of all gainfully employed people in Upper Bavaria are company owners or are self-employed. That's number-one in Germany, as is the region's near 5 percent rate of unemployment. Finishing a strong third in IWD's self-employment rankings was Lower Bavaria.

### Patently successful

Another explanation: "Because Bavaria is Germany's most innovative state, it has the country's lowest rate of unemployment." That's the conclusion of Siegfried Greif and Dieter Schmiedl, authors of remarks summarizing the 1998 figures on the sources and applications of patents in Germany. The figures were recently published by Germany's Patent Office.

According to the authors, there is a direct, inverse relationship between the number of patents granted to a region's inventors and the region's rate of unemployment.

Bavaria is also one of the authors' cases in point. In 1997, Bavaria accounted for 24.5 percent of all patents awarded in Germany, more than two percentage points higher than the rate achieved by runner-up Baden-Württemberg (which, however, finished first on a patents-per-capita basis).

### Support network

The two explanations for the state's low unemployment are part and parcel of the same phenomenon, says Otto Wiesheu, Bavaria's minister for economic affairs, transport and technology.

"Many of these new technologies and new companies are to be found in the same areas, in such places as Martinsried (a southern suburb of Munich), the Nuremberg-Fürth-Erlangen triangle, Regensburg and Augsburg. And that's no accident. Each of these areas is home to a major cluster of innovation and entrepreneurship."

"Thanks to our ambitious projects of campus and technology center development, Martinsried has quickly grown to be Germany's foremost biotech center. Greater Nuremberg has long been one of Europe's major sources of new medical technologies. Regensburg is also strong in the life sciences, as

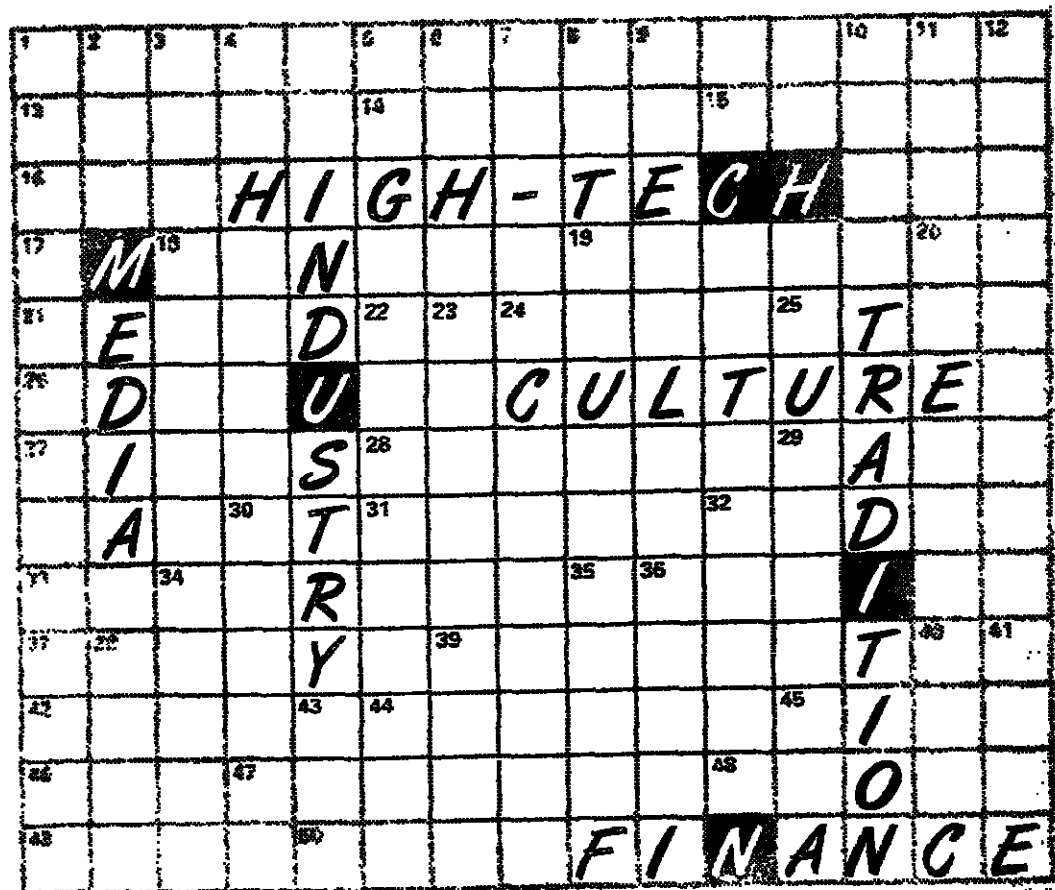
is Augsburg in environmental and aerospace technologies."

According to the minister, the state government's wide-ranging programs of business development constitute the link between innovation and entrepreneurship: "We've taken great care to provide our scientists and other high-tech starters with adequate amounts of financial support and with the back-up services they require when founding their companies," he notes.

### Venture capital

One major source of this public sector support has been the state's "Mittelstandskreditprogramm" (program of supplying credits for small and medium-sized companies). In 1997, 4,014 companies — up 8 percent over 1996 — received 498 million Deutsche marks (\$295 million) in low-interest loans from the program, yielding a total of 1.6 billion DM in investment.

The private sector also supplies capital to Bavarian companies. The majority of Germany's venture capital companies (including the local arms of the American giants) are based in Bavaria. Not surprisingly, the state's companies have been prime recipients of German venture capital. ●



Your business location: **MUNICH**



City of Munich

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Some puzzles are easy to solve. If a cultural metropolis is also its country's most important media city, the greatest high-tech centre in Europe, a hotbed of biotechnology, and top-ranked in finance — then the solution is simple: Munich. The best conditions for the future of your company

## E-COMMERCE AND RIVER-BORNE TRADE

The ancient Danube, as well as modern cyberspace, are both important parts of the success story.

In March, 1998, Amazon.com became the 417th high-tech American company to set up shop in Bavaria, reports Bavaria in the News, the newsletter put out by the state's economic ministry.

Arguably the world's most successful electronic commerce company, Amazon.com, unlike three-quarters of its predecessors — Microsoft, Yahoo, Netscape, PSlnt and other on-line powers — did not set up shop in greater Munich. Rather, the on-line bookseller based itself in Regensburg, via a takeover of Telebuch, its German counterpart. Since then, Amazon.com has greatly expanded the range of products offered by the renamed Amazon.de, adding staff members and setting up new editorial operations in the process.

### Decentralized teams

To David Risher, Amazon.com's senior vice president in charge of product development, there was nothing unusual about a thriving e-commerce operation's not being located in a major metropolitan area.

"That's one of the very exciting things about e-commerce, e-brokerage and the rest of the e-service area: how decentralized it is. To start up a successful operation, a small team with a marketable idea and a great feeling for customer service is required. As recent events in the United States have shown, those teams are to be found everywhere," Mr. Risher notes.

A tour of Bavaria's high-tech scene corroborates Mr. Risher's analysis. Götterszell, Viechtach and a number of other remote "high-tech hamlets" in the state are now home to thriving ICT companies. They provide their best-selling software, remote maintenance services and CNC (computer numerically controlled) upgrades via on-line connections.

### Traditional traders

But Regensburg is not a hamlet. In addition to e-commerce, the beautiful city, located 130 kilometers (81 miles) northeast of Munich, has also become a major hub of biotechnological development. For example, the Institute of Anaerobic Microbiology is a world leader on adapting bacteria capable of surviving in extreme environments, such as volcanoes and at the bottom of the oceans, for use in creating new medications and reducing environmental pollution.

Nor has Regensburg ever been remote during its long history. That's partly thanks to the Danube, Europe's longest river. Like its Danube-side neighbors, Passau, Deggendorf and Straubing, Regensburg's prosperity stemmed from the trade and transport of salt, furs, tapestries and other precious goods to and from Central and South-eastern Europe.

### Cold War hiatus

The prosperity of these four cities can also be attributed to the local auto-

motive, microelectronics, shipbuilding and other manufacturing sectors.

During the Cold War, east-west business on the Danube was curtailed. It took two events to re-elevate the Danube into a major trading artery: the fall of the Iron Curtain in 1989 and the completion of the Main-Danube canal three years later. Via the Rhine, the Main, the canal and the Danube, legions of ships now travel to and from Rotterdam and Constanza, the major port on the Black Sea.

Despite the conflicts in the former Yugoslavia, Danube-borne traffic has been rising over the past six years.

To meet the one-third increase in freight expected to materialize by 2010 (as compared to 1991), Deggendorf and its counterparts have been expanding their river port and intermodal facilities.

These four cities have joined with Linz, their downstream counterpart in Austria, in forming the "Economic Region of the Danubian Cities."

"Thanks to the river," says Klaus Hoffmann, the Straubing-based spokesman for the region, "our five form an economic unit, one with the breadth of business activities and the number of universities, polytechnics, technology centers and business parks capable of meeting the wide-ranging specialized needs of international investors. 'What we in the region are doing is interlinking our assets into a single, riverside package,'" he concludes. ●

## A Region with Future

# DANUBE ECONOMIC REGION

Regensburg Straubing Deggendorf Passau Linz

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## BAVARIA

### MUNICH JOINS FORCES WITH THE REGION FOR SYNERGY

Strongly growing Munich still has room for expansion.

After three decades of near-unbroken strong growth, is metropolitan Munich — with a population of 2.1 million — running out of personnel and room? A look at the latest unemployment (around 5 percent) and commercial real estate vacancy (2.1 percent) rates raises the question.

As Munich's economic officials hasten to point out, the strength of the labor and real estate markets does not imply a lack of supply. Each year brings a fresh crop of new staff members and company headquarters from Munich's Ludwig-Maximilians-University and Technical University. Not surprisingly, last year some 13,000 companies were founded in the city, an all-time record.

Including such thriving communities as Unterschleißheim, Johanneskirchen and Ottobrunn, Munich's suburbs still have an ample, if finite, supply of empty lots. Such greenfield sites are growing scant in Munich itself.

**Recycling buildings**  
Property and plot recycling is the way the city of Munich is getting around the shortage. Much of the recycling targets the sectors with high growth and real-estate demand.

Notable among them is greater Munich's mushrooming ICT/media sector, whose 6,700 companies employ 115,000 people, or about one-eighth of the metropolis's gainfully employed total.

A number of these companies are housed in eastern Munich's "Creative Factory." Once part of a clothing factory, it is now fully leased.

Located in the same production facility, a new "Media Works Munich" is under development.

Also housed in a recycled factory, a similar facility exists in Ismaning, Munich's booming northern suburb and one of Germany's major centers of broadcast studios, dissemination and production. No fewer than nine TV networks broadcast from or produce at Ismaning or Unterföhring, its neighbor to the south.

**Hectares freed**  
Further room for new businesses will be forthcoming from the recycling of Munich's central rail area, its former fairgrounds and four other major in-city redevelopment projects.

Located to the immediate west of the city's main train station, the rail area is currently occupied by switching tracks, transloading stations and other facilities. The building of new freight forwarding stations on the city's outskirts has freed 156 hectares (385 acres) for a new downtown neighborhood, with companies supplying a further 17 hectares.

In addition to large expanses of greenery (to take up 43 percent of the area) and an east-west bicycle path, the new neighborhood will be home to offices, staffed by 11,000 people and homes occupied by 14,600 residents. Completion of the project is currently set for 2010.

**Intra muros**  
The Theresienhöhe project is located to the immediate south of the rail area. It was kicked off by the February 1998 commissioning of Munich's new fairgrounds, located in the city's eastern suburb of Riem and itself forming one of Germany's major "city within a city" development projects.

Slightly less than half of the Theresienhöhe's 45 hectares — 200,000 square meters of usable space, according to the current development plans — will be made available to private investors.

In addition to the greenery, the only remnant of the former fairgrounds on site will be three halls. These historic buildings will be home to the new Museum of Transport, a branch of Munich's prominent Deutsches Museum.

**Of cars and consortia**  
In 1995, Munich, Augsburg and Ingolstadt joined in founding Wirtschaftsraum Südbayern, München, Augsburg, Ingolstadt e.V. (Southern Bavaria Business Area). Known by the acronym MAI, the association is devoted to fostering investment and interest in the region as a whole. The region-wide approach contrasts with many other metropolitan anchors, in which the center city, its belt of suburbs and the other cities in the region rival for business.

**Spillover success**  
"Such rivalries don't take into account the fact that growth in one part of a business region benefits all of the rest of it, via spillover and multiplier effects," says Reinhard Wiczorek, who is



Munich's towers create a unique silhouette, shown here glowing at night.

both MAI's chairman and head of the city of Munich's office of labor and economic affairs. "Both of these effects are especially strong in the MAI region, thanks to the extensive, region-wide networks existing between producers and suppliers and between technology developers and marketers in southern Bavaria."

The producers located in Augsburg and Ingolstadt include MAN, one of the world's leading suppliers of trucks, printing systems, launchers and other capital goods, and Audi, whose recent generations of stylish, sporty cars have proven strong competitors to those produced by Munich's powerful BMW. ●

### 'SUNRISE SECTORS' DRAW INVESTORS

In the first half of 1998, foreign companies invested a net 14.3 billion (\$8.47 billion) Deutsche marks in Germany, reports the Bundesbank. One of the best results in the country's history, 77 percent of that went to one state — Bavaria — which accounts for 15 percent of the country's population.

Bavaria's 11.2 billion DM was nearly three times as much as the state's previous annual record, 4.3 billion DM in 1995. And that, in turn, was the largest amount of international inward investment ever secured by a single state in Germany.

Also noteworthy is that the 1998 inward investment figure does not include follow-up investments made by the Bavarian-based subsidiaries of foreign companies, many of which made large-scale capital outlays in 1998. This means that the total foreign investment figure is much higher.

The total for the first half of 1998 allowed Bavaria to chalk up a rare accomplishment, rare at least in Germany and many other countries. The state's inflows of capital were greater than its outflows, giving it one of the first positive capital balances — 1.4 billion DM — registered by Germany or one of its states in the 1990s.

Two pertinent questions arise: Where is this money going, and why are foreigners so interested in investing in Bavaria?

According to Franz-Christoph Zeitler, president of Landeszentralbank im Freistaat Bayern, the Bavarian arm of the Bundesbank, foreign investment focuses on equity stakes in banks, real estate, other companies and long-term assets. Mr. Zeitler believes investment has been triggered by the widely held perception that the "state is a storm-proof business base, a place one can invest in with confidence."

For Otto Wiesheu, Bavaria's minister for economic affairs, transport and technology, the "safe haven" idea provides only a partial explanation.

"If the inflow was induced solely by the investors' seeking 'safe' places, then it would be spread more evenly around Germany, which as a whole has been growing steadily and strongly for more than half a decade," he notes.

"Successful high-tech constitutes the appeal specific to Bavaria," he continues. "Foreigners want to invest in successful companies active in the sunrise sectors: biotech and ICT (information and communication technologies). Since Bavaria is by far Germany's number one in all these sectors, and especially in such fast-growing ICT areas as electronic commerce, multimedia and Web content and links, the foreign companies are flocking to entrust their capital to our state."

The number of foreign-owned high-tech companies is expected to increase by 57 percent in 1998, according to a study commissioned by the state's Economic Ministry. The report noted that, as of Nov. 1, Bavaria counted 691 foreign-owned high-techs. ●



Otto Wiesheu, minister for economic affairs, transport and technology.

### ELECTRONIC COMMERCE MAKES NUREMBERG A HIGH-TECH HUB

Greater Nuremberg is making great strides toward becoming one of Germany's major centers of technological innovation.

During the period from 1977 to 1994, the number of people employed in Munich's service sector grew by 50 percent. That was more than in Frankfurt, Hamburg or any other German city. Except Nuremberg. The central Bavarian city of 492,000 bested its high-profile rival to the south by a full two percentage points.

Thanks to the new generation of electronic commerce and e-service corporations, Nuremberg has created many service-sector jobs over the past four years. At 8.8 percent, Nuremberg's rate is a percentage point and a half lower than the German average.

Not bad for a city in the midst of completing a top-to-bottom rejuvenation of its business base.

With Siemens, Lucent, Novartis and many other corporate headliners, Nuremberg's revamped industrial sector is one of the world's leading suppliers of air-cushion-based in-factory transport systems, nuclear-spin tomography devices, GSM handsets, CTI (computer-telephone integration) equipment and other state-of-the-art products.

**From products to services**

And now, advanced services are on the rise. One company in this sector is DATEV, founded in 1966 as a self-help group by local tax accountants wishing to solve their computer problems.

Today, DATEV is Europe's largest supplier of technical services to the financial community. Its 4,800 staff members provide on-line tax and book-keeping services to nearly two-thirds of Germany's business community.

DATEV also stages training and continuing education programs attended (often on-line) by one million people a year.

Other successful members of Nuremberg's service sector are the Gesellschaft für Konsum-, Markt- und Absatzforschung (GfK), Germany's leading market research institute; net-Vision, the country's leading supplier of Web-based corporate broadcast services; and Consors Discount Broker, Germany's first and largest on-line broker.

### FRANCONIAN WINE, AN ANCIENT TIPPLE

Move over, Oktoberfest: Bavaria is home to some of the best wines, as well as top-notch beers.

Bavaria recorded one hundred million overnight stays last year, a state-best quarter of the total for Germany as a whole. The Alps, castles of King Ludwig II and charming cities are perennial favorites. Another attraction, of course, is the beer.

Munich's Oktoberfest attracted the usual 6.5 million

people in 1998 to its famous beer halls like the Hofbräuhaus and thousands of beer gardens and tents.

A number of these breweries have centuries-old — even millennium-old, in the case of Weihenstephan — traditions of producing beer. Weihenstephan claims to be the world's oldest brewery, apparently dating to sometime around A.D. 750.

The production of wine in Bavaria is, however, seven centuries older; it was started by the Romans. The Franconia region ranks sixth in volume among Germany's wine-growing regions, but the Müller-Thurgau, Silvaner and Kerner vineyards from Franconia's vineyards are some of the most respected names in German — and European — wine.

Wine and the picturesque landscape have made Franconia a major tourist attraction in its own right. Named after the round-bodied bottles into which all Franconian wines are consigned, the five segments of the "Route of the Bocksbeutel" take tourists through Franconia and to a good portion of the region's 100 villages and 7,000 vineyards.

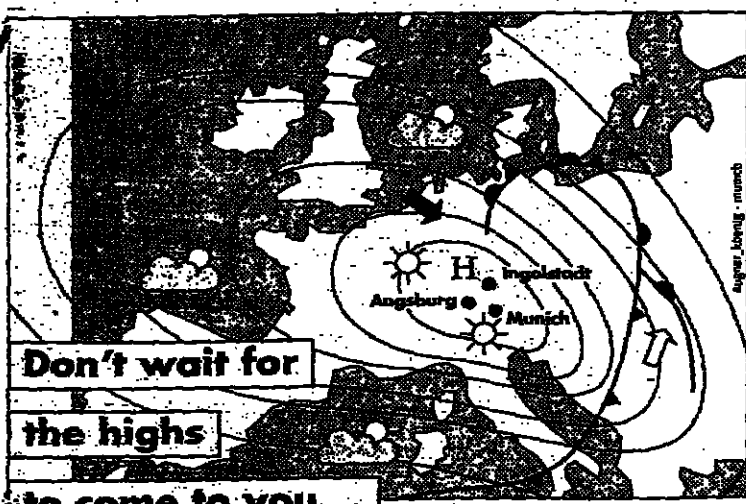
All of the segments, which cover 425 kilometers (264 miles), start and end in Würzburg. This city of 127,000 is the capital of Franconian wine. Some of the region's choicest vineyards — including those from the world-famous Juliuspital vineyard — are produced on steep slopes surrounding the city's centers.

In the heart of Würzburg's Altstadt, on the Main River, is the Haus des Frankenweins (House of Franconian wine). It offers handy maps, brochures and other valuable information, plus local wine and food in its restaurant. The route's eastern segment is particularly interesting, as it runs through Iphofen, Castell, Kitzingen and Abtswind, each a great name in European wine. ●



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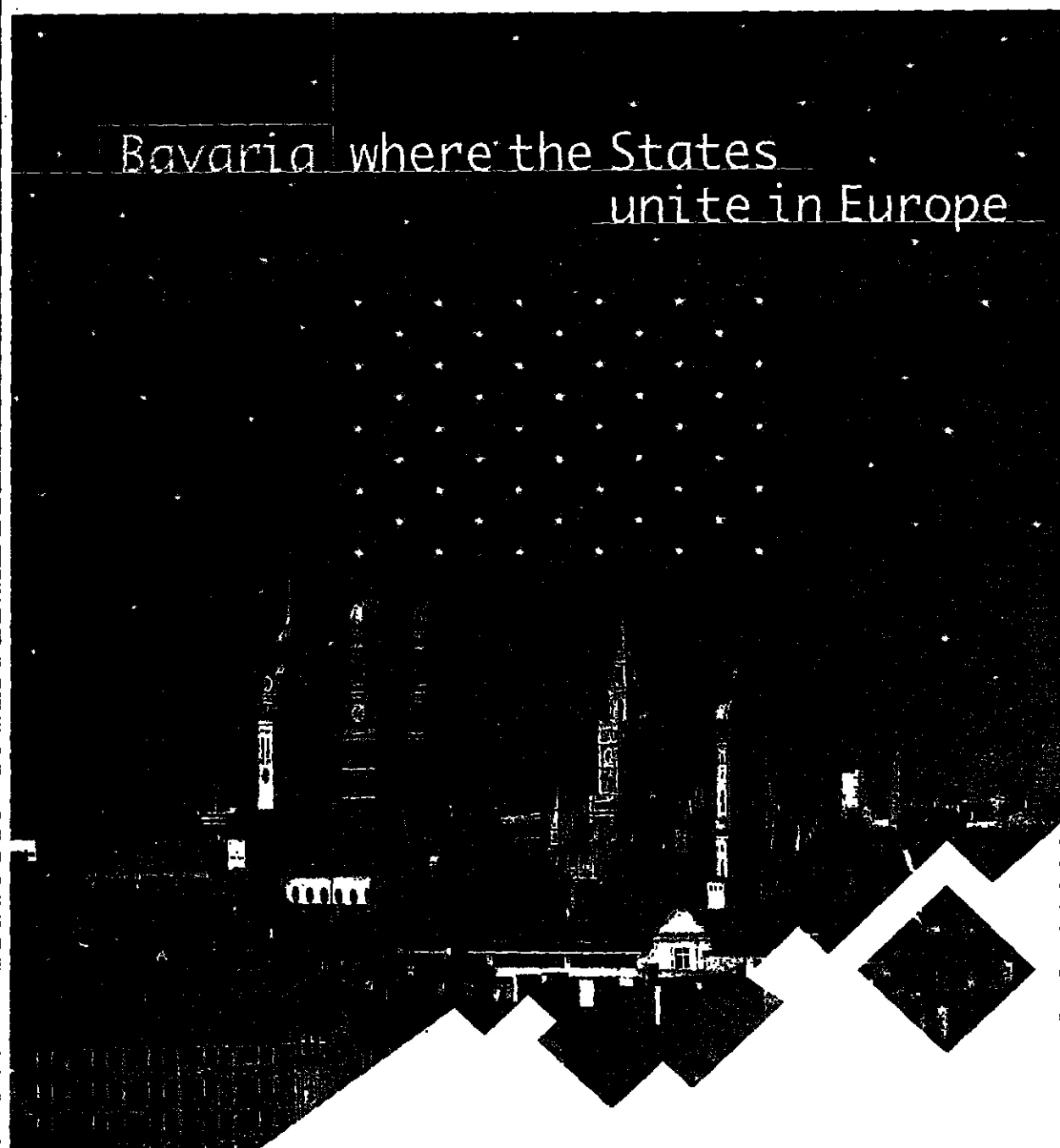
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## EDITORIALS/OPINION

## Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## A Working Trip to Asia

President Bill Clinton has set out on an Iraq-delayed trip to Asia. He may happily miss Kenneth Starr's testimony on Thursday, but this is not one of those trips to bask in overseas applause. Japan has disappointed, yet again, on an important trade matter. Malaysians are angry at Mr. Clinton for dropping their country from his itinerary, and at his replacement, Vice President Al Gore, for touting democracy on their soil. In Japan and South Korea alike, there are concerns about the durability of U.S. policy toward North Korea. And throughout Asia a deepening economic decline provides a gloomy backdrop.

Start with Malaysia, where Mr. Gore has been meeting with heads of state from nations on both sides of the Pacific. The hosts' irritation that the Iraq crisis forced Mr. Clinton to send a surrogate may be understandable, but their anger at Mr. Gore's message is out of line.

Malaysia's Prime Minister Mahathir bin Mohamad has disgraced himself with a kangaroo-court trial of his former deputy, Anwar Ibrahim, and with a crackdown against Malaysians who subsequently began demonstrating for democracy and political reform. To discourage protests, the government has threatened students with expulsion, civil servants with firing and, incredibly, parents with the loss of custody of their children.

Mr. Gore, in a speech, observed that democracies are proving more resilient at coping with economic trouble than unfree nations. "And so, among nations suffering economic crises, we continue to hear calls for democracy and reform. ... We hear them today — right here, right now — among the brave people of Malaysia."

## Gore Got It Right

Mahathir bin Mohamad, is fuming, and his countrymen should relish every second of his discomfort. Vice President Al Gore and other foreign leaders have used an economic summit meeting in Prime Minister Mahathir's capital to call for greater democracy and economic reform in Malaysia.

Championing the cause of freedom and human rights with a zeal that he has rarely demonstrated before, Mr. Gore was especially effective in defending the cause of Anwar Ibrahim, Malaysia's former deputy prime minister. Mr. Anwar was jailed in September on dubious charges of corruption and sexual misconduct and is now on trial. Most Malaysians recognize the case for what it is, namely, a political vendetta against one of Southeast Asia's most articulate and thoughtful reformers.

## Another Rate Cut

The world's financial markets have calmed down since the Federal Reserve first moved to lower interest rates seven weeks ago. But economic problems remain, and the Fed acted wisely on Tuesday when it imposed its third cut in two months.

The rebound in the Dow Jones industrial average, which has made up nearly all its plunge of almost 20 percent this past summer, overstates the extent to which financial markets have rallied since the Fed signaled in late September that it was determined to fight the prospect of world recession. Markets in other countries, and for smaller stocks in the United States, remain far below their peaks of earlier this year.

Perhaps more important, there are still signs of credit stringency in the premium rates that companies in America and abroad must pay to borrow money. Those conditions have eased from the peak of panic in the summer, but they are not back to normal. Most of Asia remains in recession, and it is too early to know whether the Brazilian rescue package will keep the Asian flu from infecting Latin America.

Nonetheless, the Fed's decision on Tuesday to lower the federal funds rate at which banks borrow from each other by a quarter of a point, to 4.75 percent, was a relatively close call. That is because the American economy remains strong and consumers are still spending. There are signs that rampant speculation is returning, at least in Internet stocks. One such stock, TheGlobe.com, was unable to sell stock just four weeks ago, but last week it sold shares at \$9 each and saw the price leap to a high of \$97 within minutes. It has since come

back down to just over \$40, but even that price shows a lot of optimism.

Whether or not such optimism is warranted for Internet companies, the picture for the entire economy is mixed. While the chances of a recession have declined, the weak international economy means that corporate profits are not likely to be nearly as strong as they were in recent years.

The Fed's preemptive rate cuts will help, but they cannot completely insulate the United States from international economic woes.

—THE NEW YORK TIMES.

## Other Comment

## Saddam Caught in a Web

We must turn Saddam's contempt for democracy back on himself. A government of Iraq that was accountable to its people would end their suffering. And it would end years of confrontation designed only to further one man's regional ambitions.

We cannot ask for a popular uprising. If Iraqis put their hands up to disagree, they are literally cut off.

But there are things we can do. We have consistently given the Iraqi opposition groups practical support. We have sponsored peace talks, so that the Kurdish rebel groups can disagree with Saddam rather than each other.

Saddam is now caught in a web. He knows that, if he attempts to escape from the web by breaking his pledges, we will hit his regime hard and fast.

—Robin Cook, the British foreign secretary, commenting in *The Daily Telegraph* (London).

## At Some Point, the Losses Overwhelm the Gains

By Robert J. Samuelson

WASHINGTON — The next big pitfall for the world economy is oversupply: global glut of basic industrial goods ranging from steel to cement. We have seen how falling prices for foodstuffs and raw materials (wheat, oil, copper) have hurt. Exporting countries, from Russia to Brazil, have lost foreign exchange earnings and tipped into crisis. Meanwhile, multinational companies suffer lower profits, cut jobs and trim investment.

The same process is now moving up the supply chain. Growing numbers of industries (chemicals and aluminum, for instance) face oversupply. Prices and profits are falling. This will weaken stock prices and depress new investment, especially in ailing Asian and Latin American economies. Protectionist pressures will multiply as countries with surpluses try to export their way out of trouble. Already, the U.S. steel industry and its workers have united to oppose cheap imports from Japan, Russia and Brazil.

To see what is happening, consider polypropylene. This is a basic petrochemical that is ultimately fashioned into plastic products as varied as toys, auto parts and carpets. Since 1989, annual worldwide production capacity for polypropylene has risen about two and a half times to 30.5 million tons,

according to William Kahlke, an industry consultant in Houston. In Asia, production capacity more than tripled to 11.6 million tons.

The basic plants for making petrochemicals are steam crackers, which cost \$350 million to \$1 billion apiece. In 1989, Thailand had none, now it has three, according to Mr. Kahlke, and another is due for completion in 1999. The trouble is that not all these plants, and associated plants for products like polypropylene, are needed. They were built on the false assumption of an uninterrupted economic boom.

Excess supplies have cut prices, profits and capacity utilization. In 1995, polypropylene plants produced at 94 percent of capacity, says Fred Peterson of Probe Economics, a consulting firm in Millwood, New York. In 1998 the rate is roughly 79 percent.

In Asia, overinvestment also afflicted cars. "Everyone was chasing too small a market without regard to what competitors were doing," says Ashvin Choti of Standard & Poor's DRI, an economic forecasting firm. Japanese and U.S. companies built new plants; so did local companies, such as Kia of South Korea. The economic crisis has

worsened oversupply by reducing demand. Compared with 1996, car and light-truck production this year will drop by an estimated 63 percent in Thailand and 25 percent in South Korea.

Computer memory chips are perhaps the most spectacular example of overinvestment. So many plants were built in the mid-1990s that prices for memory chips went into free fall. The glut meant that, although more personal computers and chips were being sold, worldwide sales of DRAM memory chips declined from \$41 billion in 1995 to an estimated \$13 billion in 1998.

Gluts are a recurring feature of economic life. Companies routinely miscalculate. Scattered surpluses often vanish gradually without causing a recession. Prices decline; excess inventories are sold; inefficient plants are shut; a new balance of supply and demand occurs. But today's gluts occur against an ominous backdrop of recessions from Japan to Brazil.

In this climate, gluts pose obvious dangers. Just as water seeks its own level, surplus goods will seek new markets at distress prices. Not every surplus can be exported; some cars are designed mainly for a few countries. But that is not true of most steel, basic chemicals, computer chips or cement. Through August, steel imports into the United States

had increased by 24 percent from 1997 levels. Since March, the capacity utilization of the U.S. steel industry has dropped from 93 to 83 percent. In Japan, cement makers complain that cheap imports, mainly from South Korea, are being dumped at uneconomic prices.

Inevitably, this will curb investment, which until recently had held up. "The lags are tremendous in these projects," says chemical consultant Peterson. "Companies make a lot of money and spend it. Earnings were good through 1997. Projects [started then] are going forward even if the companies don't like it anymore." But new projects will be delayed or canceled.

This imperils recovery in Asia and Latin America and hurts equipment manufacturers heavily located in the United States, Europe and Japan — whose business is industrial expansion. Gluts, of course, are not all bad. Falling prices bolster consumer purchasing power, suppress inflation and, lead to lower interest rates. These have been among the powerful forces that have kept the American and European economies advancing.

But there is no law of economics that requires that everything capable of being produced will be purchased. At some point, the losses overwhelm the gains.

Washington Post Writers Group

## Malaysians Should Force Reform Without a Revolution

By Philip Bowring

KUALA LUMPUR — Malaysia's situation is not as simple as U.S. Vice President Al Gore painted it in his stunning speech on Monday.

He compared it with the "people power" revolution in the Philippines, which overthrew Ferdinand Marcos, the reformist movement in Indonesia, which ousted President Suharto to quit this year, and the *doi moi* reforms in Vietnam. He praised the "brave people" of Malaysia who call for change, and implied that lack of democracy was the key problem.

A groundswell of Malaysian opinion desires change, and street demonstrations are a legitimate form of expression. The arrest of Anwar Ibrahim fanned smoldering resentment against Mahathir bin Mohamad's increasingly autocratic behavior.

But people power in Manila

was a response to Mr. Marcos's use of electoral fraud. Reformasi in Indonesia was a response to the lack of popular participation in the fossilized political process, as well as to the abuse of power for family enrichment. *Doi moi* was not a popular movement at all, but an attempt by the Communist Party to keep political dominance by allowing some economic liberalization.

Malaysia's democratic process is seriously flawed. There are severe constraints on the press, resulting as much from ownership as from direct government intervention. There is legal harassment of many opposition politicians, restrictions on political meetings and all manner of pressures and petty devices against those who challenge the ruling coalition led by

the United Malays National Organization.

However, Malaysia does still have elections. It does still have opposition parties that can organize, speak and publish. Indeed, the threat to Mr. Mahathir comes less from the protesters on the streets than from the voters.

There may be no realistic likelihood that the governing coalition can lose a national election, even now. But Malaysian politics is about the relative size of the vote for the government parties and the main opposition groups, the Pan-Malaysian Islamic Party and the predominantly Chinese Democratic Action Party.

There must be a national election within 18 months, and UMNO is running scared of the Islamic Party in particular. Loss of a significant chunk of Malay

votes could easily cause the coalition to lose its two-thirds majority in Parliament, and control of some state assemblies.

UMNO is in business to win. Mr. Mahathir has a tight grip on the party leadership for now, but if the grass roots decides that he has become a liability, it will find a way to ditch him.

Mr. Anwar's reformist credentials are mixed. His liberal rhetoric and criticism of cronyism must be contrasted with his behavior in office. As finance minister, he helped set up politically based business groups allied to him. Critics say he did not do much to blunt Mr. Mahathir's authoritarian instincts.

Many Malaysians still see events as a personal quarrel, a struggle for power between the incumbent and his ambitious former protégé. Still, Mr. Anwar's treatment has sparked demands for reform, which needs

to be about three main things:

• Giving more political space to opposition parties and independent media.

• Restoring the reputation of the judiciary (and the bureaucracy) for independence from the politicians.

• Curbing ministerial powers of patronage — which is easier said than done, given the generally accepted need for a government role in increasing Malay ownership of business.

Malaysia may well be better off with a new helmsman who recognizes what has gone wrong. But it needs to reform the operation of the existing structure rather than throw it out and start again, as was necessary in the Philippines and Indonesia, where constitutional avenues for change did not exist. In Malaysia they still do. Let them work.

International Herald Tribune

## Useful Saddam Went to the Brink and Relented Just in Time

By Jim Hoagland

WASHINGTON — Dear Saddam: That was too close. Don't try that again.

Those who have so much invested in you — Bill Clinton, national security correspondents at the networks, CIA analysts and myself, just to name a few — were sweating blood as you rode the camel right up to the cliff this time. They held up that little white handkerchief (complete with confusing fine print) a few minutes before the cruise missiles were to lift off.

Mr. Clinton forgave you your latest trespass without making you pay any price. He seems to think there is some remote chance you will yet let the UN

inspectors find and destroy your most prized possessions.

He spoke a few words of support for Iraqis who have fought you for three decades with varying degrees of U.S. support, betrayal and obstruction.

I know you have your responsibilities to those who make and hide your germ weapons and missiles, to those who kill Kurds or Shiites to show loyalty. But think, too, about the Saddam cottage industry here in the United States. Where would we be without you?

There are now niche Saddam talking heads on television. Your survival in power during

six American presidencies has

given us a wide selection of former Republican and Democratic officials who, deliberately or through ignorance, helped build you up but are now eager to tell forgetful audiences how they would tear you down, if only they were back in power.

There are CIA section chiefs who trot out a new coup strategy every six months to cover up the failure of the last one; friendly foreign leaders who barter away statements condemning you in return for U.S. support for their pet projects; UN bureaucrats who feather their career nests by extracting your insincere

promises to ward off Mr. Clinton's insincere threats.

Imagine Washington trying to find another world leader to pair against Bill Clinton in a truth-telling contest, and always having Mr. Clinton win. Imagine Saudi Arabia not being able to make away 80 percent of Iraq's market share in oil sales because of economic sanctions, which stay on because you stay on.

You are irreplaceable, Saddam. You must be more careful.

Who would have thought back in 1972, when you came to my attention with your behind-the-scenes role in seizing the Iraq Petroleum Co., or even in 1975, when you explained to me in your Baghdad office your grand (but murderous) regional ambitions, that it would have come this far?

Unreported but key to your understanding of what happened this time is Mr. Clinton's determination not to be accused of letting his political problems influence his decisions on war and peace.

The decisive meeting with his advisers was on Nov. 8 at Camp David. The president accepted then that doing nothing about your latest expulsion of UN inspectors contained more downside risks than going ahead with military strikes.

He told General Henry Sherson and his Joint Chiefs of Staff that they would decide the timing and pace of the attack that he now saw as almost inevitable. The military leaders picked Saturday, Nov. 14, and worked up a devastating set of

raids to be carried out almost entirely by the armada that was already in place in the Gulf.

Yes, they also authorized and publicized naval and air movements from the United States — as a matter of backup, and of deception. They wanted to signal to you the overwhelming nature of the force about to hit Iraqi targets, including the Republican Guard, if you did not back down. They also wanted to catch you by surprise. And they almost did.

Perhaps someday you will let me know if you spotted an American "tell," as poker players say of an opponent's giveaway mannerism.

You will want to know if it is possible that Mr. Clinton is now serious about ousting you and ending this mutually beneficial political mimmer. Watch for these signs:

Does he immediately dispatch Al Gore, Madeleine Albright or William Cohen to Saudi Arabia and other Gulf countries to lock in their support for the new round of attacks that the White House says it is poised to deliver? Does Mr. Clinton or Sandy Berger meet with Iraqi National Congress leaders in Washington? Do U.S. officials leverage Kurdish leaders into public support of your downfall? Is there a new head of the Middle East at the CIA and a more serious covert effort from that organization?

If the answer to any of these questions is "no," your contract has not been canceled.

The Washington Post

## Balkan Repair Is Europe's Chore

By William Pfaff

PARIS — The United States is now engaged in nation-building in the Balkans, attempting to fulfill Woodrow Wilson's ambition to do away with the "jealousies and rivalries of the complicated politics of Europe" and teach backward nations "to elect good men."

In 1919, Wilson offered the principles of Balkan reform, but he left the practice to others. Today in Kosovo, as earlier in Bosnia, the United States is imposing structures which assume that ethnic nationalism can in time be overcome, and that people can be taught to be reasonable and also to be content with being reasonable — a formidable ambition.

The American draft plan for Kosovo, as reported by *The Washington Post*, would restore autonomy to the province and allow it to elect its own president and control its own police and courts. The plan postpones negotiations on the hardest problems, including who is going to control Kosovo's substantial mineral resources.

It would give a fifth of the seats in the Yugoslav Federal Republic's National Assembly to the Kosovo Albanians, put Albanian representatives on the Yugoslav supreme court and the supreme defense council, and provide human rights guarantees. Kosovo elections would take place next summer.

Christopher Hill, the American ambassador in Macedonia and in charge of implementing U.S. Balkan policy, says that it is "indeed a hard job" to build up a new Kosovo government with a new relationship to Belgrade, but that the latest U.S. draft plan goes "pretty far in getting Serbia out of the institutions of Kosovo."

Neither Albanians nor the

government of Slobodan Milosevic are happy with this, but the momentum now is with the United States, which disposes of the threat of NATO bombing and is putting into Kosovo a U.S.-directed international team of "verifiers" from the Organization for Security and Cooperation in Europe. They in turn are to be protected by an American-directed but French-led NATO commando and helicopter force based in Macedonia.

The European allies are complaining that they hardly have been consulted, although the European Union is paying more for the Kosovo effort (and for Bosnia) than the United States, and committing more men and women.

But the Europeans dealt themselves out of leadership in the Balkan crisis in 1994 and 1995, and have since confirmed that choice by making no effort to preempt the Kosovo crisis, which everyone has known was due to erupt.

A French commentator, Philippe Grasset, has drawn attention to the fact that in the summer of 1995, when France initiated a French-British-Dutch rapid reaction force for Bosnia (after UN troops were taken hostage by the Serbs), with heavy weapons and armor, which with close air support could have imposed its will on Bosnian Serb forces, it was nonetheless France which insisted that the United States and NATO take over leadership. There can be no complaints now.

The Kosovo plan roughly resembles what has been done in Bosnia, where NATO occupies the country. Outsiders are imposing what they think is best

for Bosnians and Croats. They believe that their solutions, reasonable by international liberal standards, are best for the Serbs as well, and that the Serbs will eventually realize this.

Nation-building is an ambitious, not to say rash, undertaking in a region where the existing nations or proto-nations are recent, weak and divided internally. Even their national movements are divided.

There is a real risk in these countries of national disintegration rather than construction. Nation-building demands a long-term human, institutional and monetary investment, which the United States is unlikely to sustain in a region as distant as the Balkans. It is Europe whose interests are primarily involved.

The logical thrust of this neo-Wilsonian policy would be creation of a greater Albania, with a greater Serbia and greater Croatia as well, and an independent Bosnia enjoying international guarantees. This upsets assumptions about international law and the inviolability of existing sovereignties. But, as the Balkan specialist Xavier Bonaguidé has written: "What is the coherence of an international law which keeps inside [Serbian-dominated] Yugoslavia the one territorial entity which ... doesn't belong there?"

The Dayton federation of Bosnia and Croatia, and a new semi-autonomous Kosovo, are artificial political entities almost certainly incapable of sustaining themselves once foreign troops and observers leave. The former served to halt a war, and the latter may do as much, but the serious question is what comes after them.

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## OPINION/LETTERS

### The Task for India Is to Invest In the Quality of Its Schools

By Sunanda K. Datta-Ray

SINGAPORE — When my son was setting out for school in England, a senior Indian diplomat advised me not to repeat his father's mistake going to "that wretched country." The diplomat's two sons had achieved elite status with American degrees.

People might not have been so set on migrating if India's leaders had heeded the latest Indian Nobel laureate's emphasis on sound schooling as the key to development.

Amartya Sen, who received the Nobel prize in economics last month, argued in the Calcutta newspaper *The Statesman* as long ago as 1944 that for India "the sharp contrast between our achievements in the field of higher education and our poverty in the field of elementary education is extremely significant in the context of economic performance." Within that overall aim, he stressed the crucial need to educate peasants and women.

The first group is less neglected now. India is self-sufficient in food precisely because peasants — especially in the main wheat-growing states of the north, Punjab and Haryana — have been taught to demand land reforms, and modern methods and inputs. Moreover, "discussions on vital political, economic and social questions" that Mr. Sen advocated are a feature of rural life.

He also argued that women's education not only facilitates development but brings down the birthrate, but also does so painlessly.

Comparing China and the state of Kerala, which has forged ahead of the rest of India educationally, Mr. Sen said in a 1994 New Republic article that Kerala boasted a higher life expectancy, a higher rate of female literacy, a lower birthrate and a much lower level of mortality among female children than China. "Public education and enlightened discussion," as opposed to China's official coercion, had encouraged "the emergence of a resolute desire by Keralan women to be less shackled by continuous childbearing."

But progress is patchy. Uttar Pradesh, India's largest and politically most consequential state, and adjoining Bihar are areas of darkness.

Fifty years of planning have not solved a catch-22 dilemma: While the lack of education keeps villagers steeped in poverty, village boys cannot afford to miss out on wages by going to school. They do so when there is some compelling attraction, like television in Kerala classes or

free school meals in Tamil Nadu. Neglect of schooling has reduced Mr. Sen's alma mater, the University of Calcutta, almost to a huge factory doling out mediocre degrees as meal tickets. Yet this university nurtured another Nobel laureate, Sir C. V. Raman, the distinguished physicist Sir Jagadish Chandra Bose, as well as an eminent mathematician, Satyendranath Bose, who collaborated with Albert Einstein.

A former president of India, Zaki Husain, stated the problem succinctly: "There is too much politics in education and too little education in politics."

It began with the British, the country's colonial rulers, who wanted education to create a class of persons Indian in blood and color but English in taste, opinion, morals and intellect.

Inspired by that precedent, the human resources development minister of the governing Bharatiya Janata Party, Murli Manohar Joshi, although himself a physicist, recently tried unsuccessfully to ensure that publicly funded schools turn out only good Hindus, who form the religious majority in India. Not to be outdone, Uttar Pradesh quickly ordered its 150,000 state schools to start the day by chanting Hindu hymns.

Children in Mr. Sen's home state of West Bengal, once the country's intellectual hub and ruled since 1977 by a nominally Marxist party, are increasingly unable to compete in all-India examinations, let alone internationally, because they do not learn English until they are about 10 years old.

But West Bengal does spend 22 percent of its annual budget on education. (The central government spends 2.2 percent.) The state's finance minister, Asim Kumar Dasgupta, a Massachusetts Institute of Technology graduate, has promised that elementary schools' share of this will exceed 40 percent in 2002, when primary education will be "universal."

But the standard leaves much to be desired. Most rural schools lack basic amenities. Their ill-trained and poorly paid teachers are at the mercy of politicians and bureaucrats, who shut them around at will.

Conditions elsewhere are equally bleak. Central government spending on elementary schools is down from 50.5 percent of the education budget in 1996 to 39.5 percent today. Legislators are clamoring for the status symbol of a university in their constituencies.

The so-called three-language formula (the mother tongue, Hindi

### Don't Blame the Press For a Job It Had to Do

By Maureen Dowd

WASHINGTON — The joke about Bill Clinton is: When he drives through a car wash in a convertible with the top down, somebody else gets wet.

The president turned the White House into Motel 1600 for rich donors, but Al Gore was the first one to get into

But the obsessiveness of the media does not justify the wrongheaded, vituperative consensus that has been building in the wake of the elections.

Myself, I was heartened by the way the voters weighed in with common sense and proportionality, reacting allergically to inquisitions and the prospect of impeachment.

But in the weeks since the election there has been too much gloating from the White House and its supporters. And there has been too much self-lacerating journalistic commentary misconstruing the public reaction as a vindication of the president. He won. The press lost. The press should get lost. Game over.

In a nation ruled by polls and ratings, where even newspapers hire focus groups to see what kind of news readers want, we Americans are losing sight of something we should have learned as teenagers: Just because something is popular does not mean it is right.

At the White House, the truth is employed only to the extent that it is useful. When the Lewinsky story broke, the president asked Dick Morris to do a poll to tell him what would play better, the truth or a lie.

Mr. Morris said that he told his old pal he could not tell the truth and survive, and that Mr. Clinton replied, "Well, we'll just have to win."

New York magazine rains a cascade of poll numbers showing that by big margins the public is fed up with hearing about the scandal.

I know exactly how the public feels. I am sick of hearing about it, too.

But the fact is that the scandal is there, and the con-

#### MEANWHILE

trouble for making a few fundraising calls from his office.

The president has his way with a young intern, but it was the House speaker, Newt Gingrich, who got tossed out.

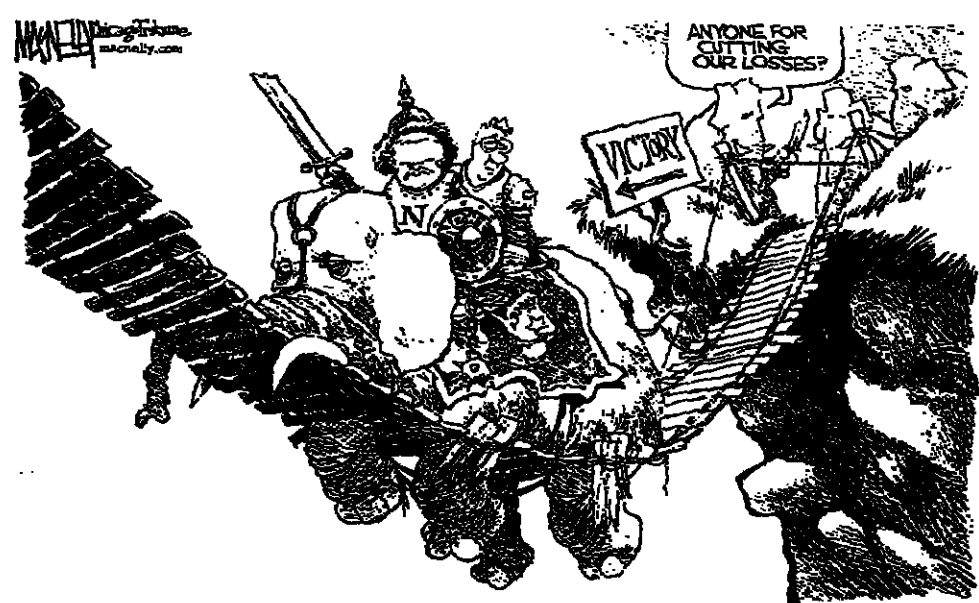
The president told one of the biggest, fattest lies in history, but the public wants to impeach the press.

In a cover story this week, New York magazine took a poll and concluded that it is the journalists covering the scandal who are all wet.

"If there were justice, Cokie Roberts would resign, too," Michael Tomasky wrote about the ABC reporter in a piece entitled "Off With Their Talking Heads." "It was her morality and personality that people voted against."

Some talking heads have been giving themselves a lash. After the election, George Stephanopoulos, the former Clinton adviser who is an ABC commentator, apologized. "We were all wrong, all the time."

It was not smart for journalists to predict at the beginning of the Monica Lewinsky scandal that the president would be gone within days. And it was wretched excess for the cable channels in search of another celebrity death watch to turn into valuations with daily "White House in Crisis" shows.



sequences of what the president did and said have preoccupied the executive, the legislative and the judicial branches of government for a year.

To pretend otherwise, to submit robotically to the polls, to take one's professional instructions from the wishes and whims of a fickle electorate would be to abdicate the role the public says it wants the press to play: covering the news.

If the president had told the truth immediately, the sto-

ry would have died. But it is our job to undo the spin and look into the lies and go the extra skeptical mile to see that there is no cover-up.

Moreover, all journalists are not like all other journalists in the wild and woolly and recklessly fast era of the 24-hour news cycle of cable, the Internet and high-decibel know-it-alls.

The impure history of American government — Vietnam, Watergate, Iran-contra — proves that reporters have a

duty to dig for the truth, whatever the public thinks.

There is a danger of making false equations between popularity and rightness, between what is liked and what is true. The danger is that next time, when the cover-up takes place in a less gray area, reporters will look at the numbers and go home early.

Next time, it may not be about sex and lies. It may be about life and death.

The New York Times

### Talking Heads' Mandate Is to Shut Up

NEWT Gingrich isn't a total fool. When he tried to blame his party's disastrous election results on the media, he was betting on the fact that if there is anyone more despised by the public than he is, it's the press.

While the soon-to-be-former House speaker's ridiculous spin self-destructed within the news cycle, his underlying strategy was sound.

In the Nov. 3 election, the American people once again thumbed their noses at the talking heads who have pontificated incorrectly all year about "the American people." Americans expressed their revulsion at the press perhaps more loudly than they did their loathing of Mr. Gingrich.

"Who would have predicted that ... Demo-

crats would have gained seats?" asked Tim Russert of NBC on the "Today" show. Certainly no journalists in Washington.

The reason the Washington media kept missing the story is that they are part of the story.

The United States is the most churchgoing country in the world, but its citizens instinctively recoil at being lectured to like recalcitrant Sunday school children by hypocritical secular sermonizers — whether they be the many preacher politicians who were defeated or Kenneth Starr or moralistic Washington insiders blabbering about the president in print and on MSNBC.

The vote was a mandate for all of them to shut up.

— Frank Rich, in The New York Times

## LETTERS TO THE EDITOR

### Kazakhstan's Media

Regarding "Empty Kazakhstan Vote" (Editorial, Nov. 10):

The editorial overlooks one important issue. There are nearly three dozen independent television stations in Kazakhstan. Many of these stations offer viewers an alternative to the news coverage often dictated by the current administration.

Even with the overwhelming technical and editorial advantages of the state broadcasting system, President Nursultan Nazarbayev's administration appears bent on continuing its own campaign to muzzle the independent media.

Routinely, independent stations are threatened with closure if they cover opposition candidates or broadcast any stories that are seen as not supporting Mr. Nazarbayev.

Kazakhstan's independent media deserve credit for attempting to tell the true story of the president's re-election campaign in spite of the overwhelming odds.

JERRY HUFFMAN, Almaty, Kazakhstan

### Arabs Ought to Unite

I agree completely with William Pfaff's expert opinion on Iraq: "So Saddam Backed Down, Which Is Just as Well." (Nov. 16) and wish more people in Washington would think as he does.

Most important was Mr. Pfaff's indirect warning to Arab leaders in the Gulf region, when he concluded by saying that the United States was considering a new alliance triad with Israel, Turkey and eventually Iran. This would result in an encirclement of the region by Arab countries' traditional foes.

In my view, the only solution is for leaders to start working immediately on reunification of Arabia and the Fertile Crescent (Iraq, Syria, Lebanon, Palestine, Jordan, Kuwait, Saudi Arabia, Yemen, Oman, the United Arab Emirates, Qatar and Bahrain). Such a grouping would create a formidable entity capable of confronting all future challenges.

MOHAMMED LEBADI, Casablanca, Morocco

### Correction

An editing error in a letter from Keren C. DeWitt-Arar (Oct. 29) resulted in an inaccurate description of the writer. She is the mother of two young children.

## BOOKS

### I MARRIED A COMMUNIST

By Philip Roth. 336 pages. \$26. Houghton Mifflin.

Reviewed by Bruce Cook

DALTON TRUMBO, the screenwriter who broke the movie blacklist, said something to me that didn't find its way into the book I wrote about him. I remember him sitting back in his study and surprising me with this: "You know, it's not an entirely bad thing for a man to get knocked flat on his ass every 10 years or so." His critics might insist that he could say that because no one had come out of the cold into quite such a favorable situation as he did. Trumbo would have responded that while that might be true, it was so because no one had worked on the cheap in the movie black market as hard as he had. He had accepted blacklisting as a challenge.

Philip Roth, on the other hand, has never been blacklisted (except perhaps by a few New York hostesses), nor was he handed a year in a federal prison for contempt of Congress, as Trumbo and others were. He was, however, knocked flat two years ago when his ex-wife, the actress Claire Bloom, devoted a hundred pages of her memoir, "Leaving a Doll's House," to her side of their long relationship and marriage, not a pretty story. Accepting that as a challenge, Roth has written "I Married a Communist," a petty exercise in revenge that he has cast in the form of a novel about the same Cold War blacklist that ruined so many lives.

Betrayal is the theme of Roth's book: To me it seems likely that more acts of personal betrayal were tellingly perpetrated in America in the decade after the war — say, between '46 and '56 — than in any other period in our history. Yet by some bizarre logic he seems to equate the hurt done to him by his former wife with what was done to those victims of

personal treachery, finger-pointing and denunciation. The McCarthy era, as it has come to be called, was a time when the mere accusation of communist activity or even sympathy was enough to send the career of an actor or an actress, a writer or director, a teacher or a government worker into a state of ruin.

Take Roth's Ira Ringold, a Newark native. He had risen to stardom in radio drama as "Iron Rinn" by the year 1948. That is when the teenage Nathan Zuckerman (whom we all know to be Roth's alter ego) meets him at the home of Ira's brother, Murray. As it happens, Murray is Nathan's high school English teacher; years later they meet and, between the two of them, tell the story of Ira and Eve Frome, his wife and betrayer.

Ira, all 6-foot-6-inches of him, had been on his own since he was 15, as a ditchdigger, a zinc miner and, during the war, an army stevedore in Iran; it was there that he was indoctrinated and converted to communism by an old Red in his outfit. Afterward, as a factory worker, he did a sort of one-man show, appearing before union audiences and at schools as Abraham Lincoln to recite the Gettysburg Address, the Second Inaugural Address, even do bits and pieces from the Lincoln-Douglas debates.

A radio writer from New York sees him at one of these performances and is so impressed that he brings him back to take the lead in the program for which he writes, "The Free and the Brave." It is only a matter of time until Ira meets Eve, who stars on another radio show.

She has an interesting, if somewhat doubtful, personal history. A Brooklyn Jew born Chava Fromkin, she ran off to Hollywood in the '20s and became a silent film star. Yet, oddly, she found herself unable to make the transition to talkies, this in spite of the posh, ladylike, even rather British manner of speaking she had developed. And so Eve goes back to New York with her daughter in

low, souvenir of a failed Hollywood marriage, to work in the theater and subsequently in radio drama. By the time she marries Ira, who is a few years younger than she, she has become the prima donna of radio. She is so big that for a time after the denunciations have begun, she is able to shield Ira from the vigilantes and blacklists. But finally, partly to save her own neck and partly to pay him back for his peccadilloes and infidelities, she denounces him as a communist to a gossip columnist. It is, however, the book she writes in collaboration with that same columnist that nails the lid on Ira's coffin.

This is a book written out of spite. Philip Roth has "used" Claire Bloom before in his novels ("Deception" and "The Counterlife") come immediately to mind), but never before has he used her so badly. Eve Frome — an anti-Semitic Jew, an actress without talent, a mother at the mercy of her daughter — is many things that Claire Bloom is not. Yet reading his book after hers, one is struck again and again with instances of similarity. For instance, Ira's inability to get along with Eve's daughter, Sylphid, a harpist, corresponds precisely to Roth's own difficulties with Bloom's daughter, Anna, an opera singer.

But what is most offensive and what, to my mind, least defensible, is that Roth has appropriated one of the most degraded and cruel episodes in 20th-century American history and employed it for no better purpose than to get back at his former wife. Only a solipsist, one with an ego so inflated that it threatens to break loose from its moorings and float off into the stratosphere, could even have conceived of using such a device for such a purpose.

Bruce Cook, the author of numerous books, among them a biography of Dalton Trumbo, wrote this for The Washington Post.

## BRIDGE

By Alan Truscott

ONE of the world's great players has just reached one benchmark and may soon set a record of another sort. In late September, Paul Soloway of Mill Creek, Washington, acquired his 50,000th master point, a plateau nobody else has ever approached. For 30 years he has averaged nearly 1,500 master points a year. Since he is only 57, he is likely to keep playing for a long time.

He is now favored to win the Reisinger Teams in Orlando, Florida. If he succeeds, he will be the first person to achieve the North American Grand Slam of team victories. He already has the first two legs: victories in the Vanderbilt and Spingold Knockout Teams.

Soloway won the first of his three world titles in 1976, and the diagrammed deal helped his team qualify to represent the United States on that occasion. He defended brilliantly as West, against a contract of four hearts.

He led his singleton diamond jack, and East overtook with the queen. South might have played spades at this point, hoping for an even split and a winning club finesse. Instead he led the heart king, and continued with a low heart when East held up the ace for one round. After winning the third trick East attempted to cash two diamond winners but did not succeed: Soloway ruffed his partner's last winner and led a spade.

He had worked out that South must have a singleton spade, for with a void the de-

clarer would have led a low heart, not the king, in the hope of reaching the dummy. This defense cut South's communications, forcing the declarer to try for spade tricks before he could complete the work of drawing trump. There was no way out for the declarer, and the result was down one.

In the replay the defense was normal, and after winning his two diamond tricks East shifted to a club. South knew that the finesse would fail, because East had produced nine high-card points and had not opened the bidding. So he took the club ace and ran all his trumps, squeezing West in the black suits.

So Soloway had ruffed his partner's winner at the fifth trick in order to save himself from being squeezed at the

ninth trick. That was superb defense, worthy of a man who was embarked on a road that would bring him 50,000 master points.

**NORTH**  
AKQ783  
J8  
883  
107

**WEST**  
J844  
Q42  
J  
KJ985

**EAST(D)**  
102  
A53  
KQ10742  
42

**SOUTH**  
A  
QK10897  
A88  
AQ83

Both sides were vulnerable. The bidding:

East: 10 Pass West: 10 Pass North: 10 Pass  
Pass 20 Pass 30 Pass  
Pass 3 N.T. Pass  
Pass Pass Pass

West led the diamond jack.

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## EUROPE

## Blair May Give Up on Europarliament Measure

Persistent Opposition in House of Lords Has Stranded Labour's Proportional-Voting Bill

Compiled by Our Staff From Dispatches

LONDON — The Labour government acknowledged Wednesday that it may admit defeat over a bill on European election procedures as the House of Lords prepared to reject the measure for the fifth time.

"If we lose it tonight, they kill the bill," said Prime Minister Tony Blair's official spokesman.

Home Secretary Jack Straw said earlier that January was the "latest possible date" the government could enact the law in time for the June 1999 elections for the European Parliament.

The new proportional representation voting system was likely to be in place only for the next European elections in 2004, he conceded.

Unless the Conservative-led peers backed down, Mr. Straw said, the bill would fail, with the paradoxical consequence that the Conservative Party would win fewer seats in the upcoming

European elections.

Critics say Prime Minister Tony Blair is pushing through the reforms as part of a drive to make sure his party has more control over its choice of candidates. Labour has been accused of trying to exclude "unsuitable" left-wingers from the new Welsh and Scottish parliaments as well as the poll for the mayor of London.

The Times said in an editorial: "The real affront would be for the government to force through a voting system which gives party machines more power at the voters' expense."

Mr. Blair blasted the House of Lords as "an affront to democracy" on Tuesday after the chamber rejected the bill, which had been approved by the House of Commons for the fourth time.

The confrontation marks the toughest battle between the Labour government and the Lords since Labour's landslide election victory 18 months ago. The

House of Lords has rejected scores of bills, including one to lower the age of homosexual consent from 18 to 16.

The government, which says the latest legislative impasse only reinforces the case for reform of the unelected chamber, is expected to unveil measures to scrap hereditary peers in the Queen's Speech next week.

The bill in question favors closed lists for elections to the European Parliament, whereby voters select a party rather than the name of an individual candidate. The House of Lords supports an open list, where a declared candidate could be voted for.

After the vote Tuesday, the bill was to return once again to the Commons on Wednesday, after which it would return to the Lords for a fifth vote. The bill will be effectively dropped if not resolved by Thursday, the end of the current parliamentary session.

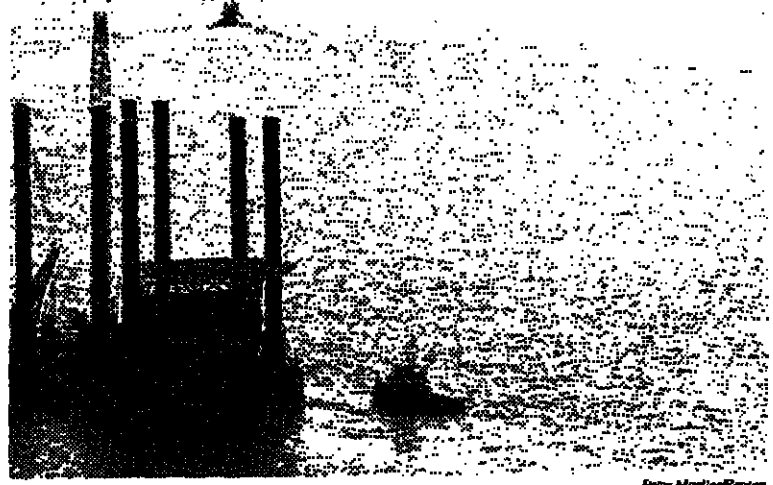
Labour could force through a new bill

during the next session of Parliament, which opens later this month, by invoking the Parliament Act. The act has been used only twice since World War II and four times this century.

But continued opposition from the upper chamber would force the government to wait a year before overriding the House of Lords.

The chamber consists of 750 dukes, marquesses, barons and other hereditary peers, whose rights to vote in the chamber is passed down from generation to generation, as well as 435 life peers appointed by successive governments.

The European Parliament, for which elections will take place next year, is made up of deputies from member states of the European Union. It has powers, mainly having the right to scrutinize legislation proposed by the European Commission, the EU's executive body, and to veto the annual EU budget. (AFP, Reuters)



HELP ON THE WAY — The Dutch oil cleanup rig Barbara, foreground, moving toward the wrecked Italian freighter Pallas off the Amrum Island, Germany, on Wednesday. It will pump the remaining oil from the Pallas, which caught fire three weeks ago.

## Calling Ocalan a Terrorist, U.S. Urges Italy to Extradite Kurd to Turkey

Reuters

WASHINGTON — The United States said Wednesday that Italy should comply with Turkey's request that Italy extradite the Kurdish guerrilla leader Abdullah Ocalan.

"We believe he should be extradited and brought to justice," the State Department spokesman, James Rubin, said at his daily briefing. "And we hope a way will be found to extradite him to Turkey, consistent with international and Italian law."

Until Wednesday, the United States said it favored extradition and a trial for Mr. Ocalan, the leader of the separatist Kurdish Workers Party, or PKK, but it did not take a position on where he should go.

Asked to explain the change, Mr. Rubin

said that Turkey was the only country to send Italy an extradition request and that most of Mr. Ocalan's alleged crimes took place on Turkish soil.

On reports that Mr. Ocalan has renounced "terrorism," possibly as a defense against extradition to Turkey, the spokesman said, "We are deeply skeptical of this PKK leader's repudiation of terrorism. Given the number of times he has renounced violence in the past, on each previous occasion the PKK continued to engage in ruthless acts of terrorism."

"We have no doubt that this man is a terrorist, and he therefore should receive no safe haven," Mr. Rubin said.

The U.S. statement came as a bitter diplomatic battle intensified.

Prime Minister Massimo D'Alema of

Italy on Wednesday assailed comments by his Turkish counterpart, Mesut Yilmaz, as "unacceptable."

Mr. Yilmaz said earlier Wednesday that if Italy did not hand over Mr. Ocalan, "not only will it remain a stain on their record, but they will also become accomplices to every murder ever committed by the PKK."

He warned Italy that Turkey would retaliate if the Kurdish militant was not extradited.

"Italy will not be subjected to unjustifiable intimidation," Mr. D'Alema said at a news conference.

His response to Mr. Yilmaz's bitter attack was sure to deteriorate into a war of words between the two governments and plunge relations between the two North Atlantic Treaty Organization allies to a low ebb.

"Italy does not justify terrorism and does not intend in any way to be an accomplice to terrorism," Mr. D'Alema said. He added that putting the words "Italy" and "an accomplice to terrorism" in the same breath was "an unacceptable linkage."

"Turkey is making a mistake," the prime minister said, repeating that Mr. Ocalan's extradition process would undergo the normal legal procedures that exist in Italy.

Mr. Ocalan was arrested at Rome's Fiumicino airport last Thursday on an international arrest warrant. Turkey has demanded his extradition, but Mr. Ocalan has also applied to Italy for political asylum. Under the constitution, Italy cannot extradite a suspect to a country where the death penalty is in force.

A Kurdish man set himself on fire on a Rome street on Wednesday to press demands that Italy grant Mr. Ocalan political asylum, the Italian news agency ANSA reported. There was no immediate word on his condition.

It was the first such incident in Rome since demonstrations began in the Italian capital last Friday in support of Mr. Ocalan.

Two Kurdish men set themselves on fire near the Kremlin on Tuesday and one of them died on Wednesday.

## Turkish Aide Says Government Won't Survive Vote of Censure

Reuters

ANKARA — Deputy Prime Minister Bulent Ecevit said Wednesday he expected a censure vote to topple the country's fragile minority government next week.

Parliament will debate Thursday whether to put the censure motion on the agenda. If Prime Minister Mesut Yilmaz loses this vote as expected, he will face a full-blown no-confidence vote on Nov. 25.

"This government will probably fall next week," Mr. Ecevit told members of his Democratic Left Party in a meeting.

The parties proposing the censure motion account for far more than the 276 votes needed to topple the coalition in the 550-seat Parliament.

Mr. Ecevit called on the opposition to announce what sort of government it envisaged to replace the existing coalition.

"Those responsible for bringing the

downfall of this government must say what will take its place," he said.

His comments helped pushed stock prices lower in Istanbul. The main market index closed down 1.8 percent.

Members of the government have urged the opposition to abandon their bid to bring down the coalition because of the arrest in Rome of a Kurdish guerrilla leader. Ankara is exerting pressure on Italy to extradite the rebel, Abdullah Ocalan, who is wanted in Turkey for treason.

The censure bid appeared to lessen the government's ability to abolish capital punishment, a step regarded as necessary to accomplish Mr. Ocalan's extradition.

The opposition attempted several censure bids after the government was hit last week by accusations of high-level corruption in a \$600-million bank sell-off in August. Mr. Yilmaz has refused to step down over the allegations.

## BRIEFLY

## Court Sets Release Of British Ex-Spy

PARIS — A court said Wednesday it did not favor the extradition to Britain of David Shayler, a former British spy, and ordered him released from a Paris prison. The final decision on Mr. Shayler's extradition will be up to Prime Minister Lionel Jospin, who generally follows the advice of the courts in such cases. The court did not immediately make public the reasons for its decision.

A state prosecutor asked the court Oct. 21 to approve a British request for the extradition of Mr. Shayler, who faces charges in Britain of divulging information about the M15 security service.

Mr. Shayler was held by the French police in early August at London's request. A prosecutor, Jacques Logelin, said at that time that extradition should be virtually automatic between European Union countries. Mr. Shayler has argued that the extradition request was politically motivated, an improper reason for extradition under French law. (Reuters)

## UN Asks Yugoslavia To Assist Tribunal

UNITED NATIONS, New York — The Security Council has called on Yugoslavia to permit the UN war-crimes tribunal on the former Yugoslav federation to investigate and prosecute human-rights abuses in the Serbian province of Kosovo.

In the same resolution, the council condemned the government of President Slobodan Milosevic of Yugoslavia for blocking the arrest of three men whom the court seeks to try on charges of involvement in massacres in Croatia in 1991.

By a vote of 14 to 0, with China abstaining, the council registered its opposition to a ban imposed by the Belgrade government of Mr. Milosevic on a prosecution team led by the chief prosecutor of the Hague-based

tribunal, Louise Arbour of Canada. She seeks to visit Kosovo to investigate charges that Serbian military and security forces have committed murder and other crimes as part of a campaign to suppress the ethnic Albanians who make up about 90 percent of the province's population. (WP)

## Germany Approves Troops for Kosovo

BONN — Chancellor Gerhard Schröder's cabinet on Wednesday approved German participation in a force to protect peace monitors in Kosovo, government sources said.

The so-called extraction force, which will be based in Macedonia, has the task of protecting an international team of monitors in Kosovo to oversee the cease-fire agreement reached by President Slobodan Milosevic of Yugoslavia and ethnic Albanian separatists.

The cabinet agreed to send about 250 German soldiers to take part in the force, the sources said.

The decision is scheduled to be voted on by Germany's Parliament on Friday.

At least 1,000 people were killed and 250,000 made homeless in a Yugoslav crackdown this year on ethnic Albanians in Kosovo Province. (Reuters)

## NATO to Renew Force in Bosnia

BRUSSELS — Senior military officers in the North Atlantic Treaty Organization have recommended keeping the 30,000-person international force in Bosnia for six more months, a NATO official said Wednesday.

The NATO-led Stabilization Force was set up to oversee the implementation of the Dayton peace accords that halted the 1992-95 war in Bosnia. It includes troops from 40 nations. (AFP)

## Yeltsin Seems Unable to Go On India Trip

Reuters

MOSCOW — President Boris Yeltsin appeared Wednesday to bow out of yet another foreign engagement when the Kremlin announced he had asked his prime minister to make an official visit to India in December.

Mr. Yeltsin had been due to go to New Delhi himself, and officials refused to confirm publicly that he would not now be going.

Only privately would one Kremlin source say Mr. Yeltsin did not plan to make the possibly grueling trip, while an official Kremlin spokesman insisted the decision to send Prime Minister Yevgeny Primakov was "not connected with the president's health."

As when Mr. Yeltsin mysteriously failed to appear at a state banquet for the visiting Japanese prime minister, Keizo Obuchi, last Thursday, the Kremlin declined to provide any other explanation for the change of plan. When he met Mr. Obuchi before the banquet, Japanese officials said, he looked "like a robot."

Mr. Yeltsin's press secretary, Dmitri Yakushkin, while declining to confirm that the president had canceled his trip, indicated that Mr. Yeltsin was to some extent passing on the baton in foreign affairs and was interested in seeing Mr. Primakov and the government play a more active role.

The president sets great store by continuity in relations with Russia's allies, irrespective of the changing personalities in charge. Mr. Yakushkin was quoted as saying, He said Mr. Yeltsin had expressed such views in Moscow on Tuesday at his first meeting with the new German chancellor, Gerhard Schröder.

"This is very much the context in which Yevgeny Primakov's official visit to India will take place," Mr. Yakushkin said.

Moscow found a frequent ally in New Delhi during the Cold War and now views India as a possibly lucrative market for goods, including replacements for earlier Soviet-made armaments.



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## CROSSWORD

ACROSS  
1 Opposite of 61-Across  
2 Lunate, often 9  
3 The Man Without (1939 film)  
14 Grip behind the 1998 Nobel Peace Prize  
15 Take the honey and run  
16 Speed abroad, as a rumor  
17 Harden  
18 Definitely no Einstein  
19 Prudential rival  
20 Always, to a cowboy?

23 Profits with logical  
24 Epitaph beginning  
25 Chew the fat  
27 Degenerated, in a way  
31 Sled driver, maybe  
32 Car wash machines  
34 Precadilly Circus statue  
37 Dickens classic, to a cowboy?  
42 Runners  
43 Cleave with a knife  
44 Crocheted coverlet

47 Perennially popular game books  
51 Give a hard time, slangily  
52 Stewart's role in "Harvey"  
53 Village Voice award  
56 Murder mystery setting, to a cowboy?  
61 Back  
62 Dismal, to Donne  
63 Like Gen. Powell  
64 Some Stride  
65 Kind of element  
66 Cap material?  
67 Twiddle one's thumbs  
68 Vaccinator's supply  
69 L.L.D. holder

9 Lets up  
10 At no cost, in Germany  
11 Helicopter's predecessor  
12 Gum flavor  
13 Pilot's announcement, for short  
21 Poppycock  
22 — 1900 (old)  
26 Director  
28 Paint base  
29 Abbr. stamped on a food label  
30 Do it!  
32 "Lake Wobegon" Days' writer  
34 TV pioneer  
35 Opposite of 61-Across  
37 Not reluctant  
38 Made new alterations  
39 Pale yellowish-white  
40 Toothily grp?  
41 Smidge  
43 Ladykiller  
48 — western  
49 Gibraltar's locale  
49 Split  
50 Sonnet ending above a star  
53 Board measure  
54 Irish port  
57 Contemporary of Dashiell

Solution to Puzzle of Nov. 18  
BEANO FLEE COST  
LASER RUBY OBIE  
OCEAN ALOE NICE  
CHATEAULAFEEET  
ORR TUMS  
POL YEAR LOTSA  
AMOI ABEL TOADS  
PATTYDEFOIEGRAS  
ARTIE DELL AINT  
SONNY HAYS SOIS  
ETAIL SWIG  
GRABBSUZETTE  
EZRA PAJO ZOBEY  
WEAR EYEN LUNAR  
EDDY DEWY ELISE

DOWN  
1 Heavyweight  
2 Major name in frozen foods  
3 Auto maker Chrysler  
4 Fictional secret agent Williams  
5 Baseball family name  
6 Mistletoe  
7 Escame, for one  
8 Zulu name of "Jerry Maguire"

58 Half-moon side  
59 Name often seen above a star  
60 Chief exec.  
61 Area of coll. study

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INTERNATIONAL

# Paris Says It Wasn't Told of Timing of Iraq Raids

By Craig R. Whitney  
New York Times Service

PARIS — France was not told by the United States and Britain exactly when they were planning to start bombing Iraq if it had not backed down on arms inspections last weekend, and certainly would not have passed the information on to Baghdad if it had been told, a French official said Wednesday.

The assertion followed a vehement reaction Tuesday by the French foreign minister, Hubert Vedrine, to a charge that a French tipoff to President Saddam Hussein might explain the Iraqi leader's sudden decision to let United Nations arms inspections resume, averting an imminent attack.

President Bill Clinton delayed the bombing, reportedly with only minutes to spare, when Iraq sent a letter of capitulation to the United Nations on Saturday.

But on Monday, Mr. Vedrine reacted furiously to an Agence France-Presse

report of remarks on an ABC News program by Senator John McCain, and called for an explanation of them from the U.S. government.

Mr. McCain, Republican of Arizona, later denied directly accusing the French of informing Iraq of the attack, a charge Mr. Vedrine said was "shameful and completely idiotic."

With Deputy Secretary of State Strobe Talbott in Paris on Wednesday, French officials said that France had fully supported American and British threats to bomb Iraq if Mr. Saddam did not live up to agreements allowing UN monitors access to suspected nuclear, biological, and chemical weapons sites.

"Last February," a French official said, referring to the last time the United States had threatened to bomb Iraq out of its recalcitrance, "the situation was different. This time, there was close agreement among all three of the allies, and complete support from France for the use of force if Iraq did not comply with the agreements."

Another French official said that there might be long-term philosophical differences between France and the United States and Britain over the possibility of lifting UN trade sanctions against Iraq as long as Mr. Saddam was in power, even if it did get rid of all its weapons of mass destruction and facilities for making them. But such a situation, this official said, was a long way away.

"French oil companies are no more or less eager than American ones to resume dealings with Iraq," the official said.

Last week, a diplomat at the United Nations said, Britain's representative there, Sir Jeremy Greenstock, warned the French representative, Alain Dejammet, that it was difficult to conduct sensitive discussions in the Security Council when it was clear that the substance of talks was leaking immediately to the Iraqis.

Prime Minister Tony Blair of Britain, asked about charges that France might have tipped Mr. Saddam off to the timing of the attacks, said Tuesday, "The

thought is there on paper, so obviously I have read it. I simply don't know if that is the case, and I hope it's not the case. I mean, I can't believe that any country close to us would do such a thing."

Mr. Vedrine, in an interview with the International Herald Tribune that was published Tuesday, said that France did not agree that Britain and the United States now had automatic authorization by the Security Council to strike immediately at Iraq if it interfered again with arms inspections.

But, he said, "We're not looking for a chance to engage in polemics with Washington and we're not trying to use questions of principle as a pretext that prevents us from acting when necessary."

"We hope to get the United States to agree on the need for moving forward with a long-term strategy that the region can bear and not using sanctions to try to solve every problem relating to Iraq."

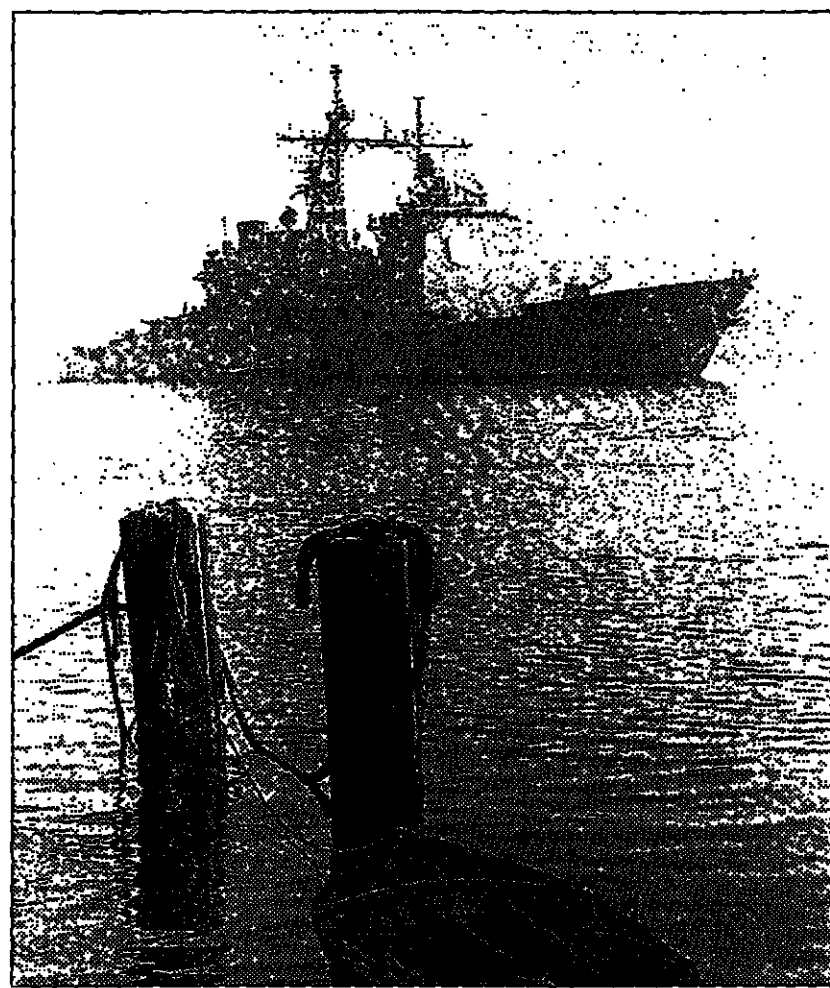
Mr. Vedrine has also distanced France from Mr. Clinton's call for Mr. Saddam's overthrow by the democratic opposition in Iraq. "That's the kind of thing you do behind the scenes, not publicly," a French official said Wednesday.

Howard Schneider of The Washington Post reported Wednesday from Baghdad:

UN weapons inspectors resumed their work in Iraq on Wednesday, beginning what could be a final phase of investigation before a comprehensive review of the country's compliance with the disarmament goals set for it at the end of the Gulf War.

Three carloads of inspectors, accompanied by Iraqi escorts, left the UN compound outside Baghdad at around 7 A.M. The Associated Press reported, resuming their hunt for evidence of any remaining biological, chemical and nuclear weapons, components and machinery.

Several other vehicles from the 90-



A U.S. Navy ship transiting the Suez Canal on Wednesday on its way to the Gulf. The U.S. has relaxed its military buildup, but pressure on Iraq remains.

person team left for the field later in the morning.

"The teams went out today and resumed their full range of activities," said Caroline Cross, a spokesperson for the Baghdad Monitoring and Verification Center, the office established to carry out the UN's disarmament program in Iraq.

Reuters reported that Richard Butler, chairman of the UN commission established to oversee Iraq's disarmament, said that he would soon ask Iraq to provide a pair of documents that UN inspectors suspect hold key information about the country's biological and chemical weapons programs.

## U.S. Iraq Policy Disappoints Kuwait ...

By Ian Fisher  
New York Times Service

KUWAIT — There is much affection in this rich little kingdom for the United States, still seen widely as liberator and protector after the events that began — many Kuwaitis feel the need to cite the exact date — on Aug. 2, 1990. That was the day when Iraq invaded Kuwait and then sacked it.

Yet, another peaceful end over the weekend to a showdown between Iraq and the United States and Britain did little to dispel a conspiracy theory held by many people here and in other Arab countries, that President Saddam Hussein of Iraq gives the West, and especially the United States, an excuse to keep a military presence in the Gulf to protect oil supplies.

The sentiment was summed up by Eassa Farhan, 32, and his wife, who were buzzing through a parking lot in one of the many fancy shopping malls here Tuesday in a shiny new sport utility vehicle.

"They only talk, they don't do it," said Mrs. Farhan, 28, who insisted that her first name not be used. "I think they need him."

"If we had the bombs," Mr. Farhan said, "we'd do it."

U.S. officials say they are astonished at that logic. But Ahmad Bishara, leader of the National Democratic Movement, a political group here that supports a more open government and opposes Islamic fundamentalism, said it was not so crazy for people to feel that way in a tiny nation that could not feel safe as long as Mr. Saddam is in power.

"Every time Saddam makes a problem the national thinking here is this is the time to hit him," Mr. Bishara said. "And at the last moment America backs out. This feeds into the theory that Amer-

icans don't really want him out. I don't subscribe to it. But that's the theory."

In general, he said, Kuwaitis are "very frustrated."

"I'm probably the dumbest one you are going to talk to," he added.

Interviews around the capital showed near-unanimity in favor of using military force against Mr. Saddam, the sooner the better. "They should start bombing — now," said Mohammed Dashty, 28, chief of security for a new mall along the Gulf waterfront.

### 'I don't think he's going to bomb Iraq. He's chicken.'

Like many Kuwaitis, as well as many officials in Washington and London, Mr. Dashty had no doubt that Mr. Saddam would once again run afoul of United Nations weapons inspectors, who returned to Iraq on Tuesday.

"Maybe six months or three months, he'll do the same," Mr. Dashty said.

For many residents, Mr. Saddam's grasp on power remains one of the last obstacles to returning to the days before 1990 and 1991, when Iraq occupied the nation for seven months. Kuwait has spent tens of billions of dollars to rebuild roads, government buildings and oil refineries. Today there are few signs of war in this clean and gleaming capital.

But the country's wealth is not enough to guarantee safety or close wounds. A sign on a downtown building reads: "Passers-by of the 620 people who Kuwaitis believe are still held in Iraq. The sign says, 'We will not forget our POWs.'"

Officially, the government of Kuwait strongly supports President Bill Clinton's decision to reverse an order to fire missiles into Baghdad. Mr. Saddam

crumbled in the face of a real threat from America and Britain, said Sulaiman Majed Shaheen, undersecretary of foreign affairs.

"It was a clear humiliation to the Iraqis," Mr. Shaheen said. "And I hope that the Iraqis have absorbed this lesson well."

He said, however, that he did not believe Mr. Saddam would behave for long. "His history is a chain of miscalculation," he said. "I'm sure that he will repeat it again and again."

Mr. Shaheen declined to predict whether Mr. Clinton would bomb if Mr. Saddam broke his promise on the inspectors again.

But there seems to be a widespread belief among Kuwaitis that the American threats are empty.

In fact, the confrontations appear to have worked their way into the national routine.

"No, no, it's not the last time," said Tarek Ismail, 38, a merchant walking near the central market. "Next time it will be another thing. They go to the United Nations, and in six months they make this play again."

"With Iraq, America is afraid." In the market, Ali Ali, 22, said the best that he expected was limited bombing, but not the overwhelming force that it might take to destroy Mr. Saddam or his government.

"Saddam Hussein is like a lion who is injured," Mr. Ali said. "They can't control him."

Charting on stools, Salman Shatti, 39, and Samir Eisa, 38, said they had enormous respect for the United States. "They made us free," Mr. Eisa said.

In discussing Mr. Clinton, Mr. Eisa added: "I don't think he's going to bomb Iraq. He's chicken. He's always chicken."

Mr. Shatti considered that and did not find it unreasonable.

## ... But Encourages Exiles, if Not Jordan

By Daniel Williams  
Washington Post Service

AMMAN — At a little office in a suburb of this sleepy capital, Iraqi exiles were gleeful the other day when President Bill Clinton voiced support for Iraqi opposition groups as a means of driving Saddam Hussein from power in Baghdad.

But in austere bureaucratic buildings not far away, the exiles' host, the Jordanian government, was unenthusiastic. For the Jordanians, it is one thing for Iraqis here to meet, send faxes, issue press releases and drink coffee. It is quite another to conceive of Jordan as a haven or perhaps even a staging area for the invasion force implicit in Mr. Clinton's new policy.

The contrast between guest and host was a clear sign of how far Washington has to go to build a credible threat to Mr. Saddam by using Iraqi exiles.

At a news conference Monday, Mr. Clinton pledged to carry out a congressional plan for arming Iraqi opposition forces. But there is no cohesive rebel army to speak of and no state in the region has stepped forward to offer its territory as a logistical or operations base.

In effect, Mr. Clinton has dusted off a policy used by the Reagan administration to harass the Sandinista government in Nicaragua. The role of the U.S.-backed contras in that conflict is now to be played by a consortium of anti-Saddam opposition groups, most of them under the umbrella of the Iraqi National Congress based in London.

But the role of Honduras, which served as a supply depot and assembly point for anti-Sandinista contra forces, has yet to be filled. Jordan does not want to take it on, Foreign Minister Abdul-

Iah Khatib said in an interview.

"We don't want to involve ourselves," he said. "We live in a sensitive region. We have not condoned any action against Iraq by anyone. We don't want to be Honduras. We have our own national interests."

Britain will convene a meeting of about 15 Iraqi opposition groups on Monday to urge them to settle their differences and work together to restore democracy at home, British officials said Wednesday, Reuters reported.

### 'We don't want to be Honduras. We have our own interests.'

[The officials also said that for the time being there would be no question of Britain's handing over large sums of money or any weapons to the groups opposed to Mr. Saddam.]

"We will encourage them to form a common vision of a future democratic Iraq," an official said.

For Jordan and other Arab countries, Mr. Clinton's public shift from reliance on economic sanctions against Iraq to support for anti-Saddam opposition groups raised the uncomfortable question of who in the region would provide support for the policy.

No one here believes the Jordanian public would back such a policy. Many Jordanians who oppose Mr. Saddam nonetheless sympathize with the deprivations suffered by the Iraqi populace over seven years of United Nations economic sanctions.

"On a popular level, such involvement by Jordan would not be welcome," said Taher Masri, a former prime minister.

Moreover, the Jordanian government seems to have little faith in the Iraqi opposition here. "First of all," Mr. Khatib said, "someone has to convince the Iraqi population that the opposition is really their savior."

Two years ago, King Hussein of Jordan seemed ready to support Iraqi exiles. He permitted an anti-Saddam radio station to operate on Jordanian territory and was host to a prominent Iraqi defector — Lieutenant General Hussein Kamel Hassan, Mr. Saddam's son-in-law.

But Mr. Hussein Kamel returned to Iraq and was executed at his home. Subsequently, Mr. Saddam's forces overran American-backed Kurdish opposition groups in northern Iraq and the Iraqi leader foiled what was said to be a coup plotted by dissident military officers.

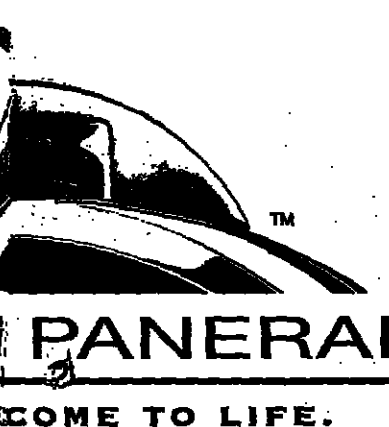
Since then, the Jordanian monarch has been cooler to the idea that outsiders can topple the Baghdad regime.

Instead, Jordan is talking more and more about a strategy opposite to Mr. Clinton's — lifting sanctions. By Jordanian reckoning, once the Iraqis are released from day-to-day economic hardship, they might become rebellious.

But Jordan's stance has not dampened the enthusiasm of Muath Abdul-Rahim, a member of the Iraqi National Accord, one of the exile organizations that might benefit from Mr. Clinton's policy. "Washington should have done this long ago," he said at his spartan office here.

Mr. Abdul-Rahim contended that regional governments will be emboldened to offer logistical help, at the least, once the United States makes it clear that it will follow through on its policy.

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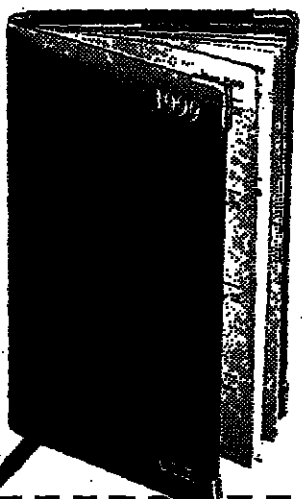
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## INTERNATIONAL

## For a Day, Jakarta Yields to Students Who Honor Their Dead

By Seth Mydans

New York Times Service

JAKARTA — The Indonesian capital belonged to the students Wednesday as traffic stopped and security forces fell back to allow two large processions to mourn 16 students killed by gunfire last Friday.

To the sad notes of an anthem called "Falling Flowers," and in the shiver of a sudden evening breeze, members of one procession stepped through a line of stolid riot policemen to lay red paper flowers at the gates of the Parliament building.

This had been the destination of a student demonstration that was halted a kilometer and a half away on Friday by volleys of gunfire, tear gas and beatings. A second procession Wednesday laid wreaths outside Atmajaya University, where most of the killings took place.

The gunfire Friday has shocked Indonesia at a time when hopes were rising for a less repressive

government following the resignation last May of former President Suharto. And the anger of the students has challenged a dawning consensus between the government and its political opponents to move slowly toward democratic reforms and general elections next year.

While the killings have shaken the reputation of the already unpopular military, they have bolstered the moral standing of Indonesia's politically restive students. Having helped force out Mr. Suharto, the students are demanding more change, in particular a reduction of the political role of the military.

"This is the one force the government cannot control," said Daniel Lev, an expert on Indonesia at the University of Wisconsin, speaking of the students. "They are dangerous because everyone understands that they are the one group that is not out for themselves, and they seem to have the fate of Indonesia in mind. The army is afraid of them. In a sense, the whole elite is afraid of them."

In full retreat now, General Wiranto, chief of the armed forces, placed an advertisement of "sincere

condolences" in several newspapers Wednesday over the killings.

But for all its momentum, the student movement remains an enigma here. With no unified leadership, without a clear agenda, without allegiance to any political faction, it seems an undirected, unfocused force.

Some people see the students now as spoilers of Indonesia's fragile stability, with their insistence on rapid, disruptive change at a time of tentative agreement within the political establishment.

Some of the students, on the other hand, speak passionately about the need for true reforms in a nation where the only concrete change so far is the removal of one man, Mr. Suharto.

"That was not a real victory, only an illusion of victory," said Ki Jowo Sarto, 22, a political science student at the University of Indonesia. "The old system is still here. The new regime is still controlled by the old regime."

But when it comes to a program for the future, the picture becomes more complicated. Like almost

everything else here, the students are fragmenting into ever smaller slices of opinion, from those who support the measured reform agenda of Mr. Habibie to those who want to bang him.

But it may be beside the point to try to pin down a specific agenda. Like most student movements, this one is driven more by passion than calculation.

## 10 Charged With Plotting Overthrow

The police announced Wednesday that they had charged 10 opposition activists, including two retired generals, with orchestrating violence last week in a plot to topple the government of President Habibie. If convicted they could be imprisoned for life.

Meanwhile, the police, using sticks, beat student activists who forced their way into the governor's office in Surabaya, Indonesia's second-largest city. Radio reports said several students were injured. Hundreds of protesters also tore down the gates of the local Parliament.

## BRIEFLY

## Earthquakes Rock Iranian Provinces

TEHRAN — Three earthquakes, the strongest measuring 5.6 on the Richter scale, hit Iran on Wednesday, but there were no immediate damage reports, Tehran radio reported.

It said the strongest quake rocked southern Kerman Province at 11:11 A.M., hours after an earthquake measuring 4.6 on the Richter scale hit near the northwestern city of Tabriz.

There was also a tremor in the southwestern Khuzestan Province, the radio said, without giving its strength. (Reuters)

## One-Day Strike Shuts Zimbabwe

HARARE, Zimbabwe — Most industries and businesses across Zimbabwe shut down Wednesday as workers heeded calls for the second in a series of one-day strikes to protest economic policies.

Troops and riot police backed by helicopters patrolled townships around Harare and the main provincial centers.

In Harare, troops guarded bus stations after the government said it would protect employees wishing to show up for work, but only a few state-owned buses and private taxis were operating.

Banks, supermarkets and offices in the center of Harare remained closed. (AP)

## Volcano Threatens Mexican Villagers

MEXICO CITY — Officials in the Mexican state of Colima planned to evacuate about 160 people living on the slopes of the Colima volcano early on Wednesday as it showed signs that it could erupt soon.

Officials say activity inside the volcano, about 690 kilometers (440 miles) west of Mexico City, has increased over the past three days. They have been monitoring it closely since rumblings began in June.

"We are ready to evacuate the 160 inhabitants of the village of Hierba Buena" as a preventive measure, said Melchior Ursua, operational director of Colima's civil protection force. (Reuters)

## ASIA: U.S. Economic Strategy Buys Time

Continued from Page 1

But changing the way economies are run from Tokyo to Brasilia is a messy business, he said — a lesson he learned most recently and brutally in Russia.

Washington's strategy was laid out in pieces, first in speeches by Mr. Clinton and Mr. Greenspan and then fleshed out by Mr. Rubin and his aides. Part 1 was to cut interest rates and convince investors that a global downturn, not inflation, was the biggest economic risk.

Part 2 was to stabilize Brazil, with a \$41.5 billion bailout package that was finally sealed last week before that country's financial crisis went out of control.

Part 3 was to encourage several nations — principally Japan — to move to clean up the nastiest banking crisis in a half-century.

The early returns on the world's stock markets are almost too encouraging. The Dow Jones industrial average has risen about 1,500 points, and in places like Thailand and South Korea, the countries first hit by the crisis, investors are driving up prices, hoping that Asia has hit bottom and has no place to go but up.

In Washington, there is little talk of "global economic meltdown," the chilling phrase whispered just a few weeks ago in the hallways of the Treasury, the White House and, just down the street, the International Monetary Fund.

The administration's strategy grew out of the panic in Russia, and Mr. Clinton described it in public for the first time in a Sept. 14 speech at the Council on Foreign Relations in New York. The speech came at Mr. Clinton's lowest moment; the report to Congress on his relationship with Monica Lewinsky had been delivered just days before, and

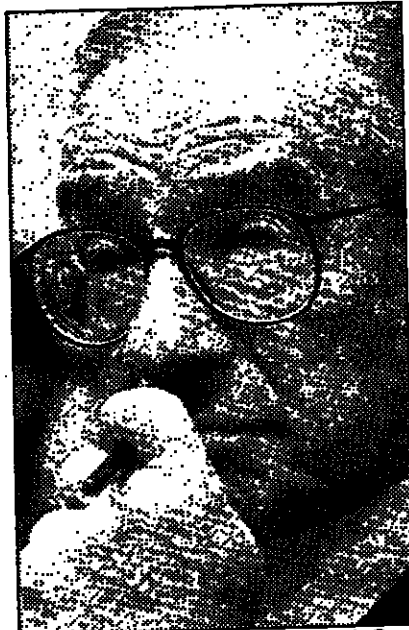
people in the room were murmuring about Mr. Clinton's chances of survival. The next week, the Fed learned about the depths of the troubles at Long-Term Capital Management L.P., the huge hedge fund that was on the brink of collapse.

For several weeks it was unclear whether any of the administration's prescriptions could be applied as cohesively as Mr. Clinton, Mr. Rubin and others tried to suggest.

"In those weeks it could have gone either way," said a senior official at an international organization that was dealing regularly with the administration on these issues. "And the fact is, we got lucky — at least for a while."

The Fed cut rates for the second time Sept. 21, recovering from an early miscalculation when it announced a previous quarter-point cut while world markets were looking for more. European nations, after appearing to resist coordinated action, got on board after a meeting of the World Bank and the IMF in early October created an atmosphere of imminent economic doom. And a new German government began publicly pressing the Bundesbank to loosen monetary policy — a division of opinion that created some hope that Europe was beginning to take the crisis more seriously.

Even the Japanese began to act, announcing a bank restructuring plan and an economic stimulus package. Both were riddled with holes. But in markets, as in politics, the appearance of action is often more important than the action itself. The message was that Prime Minister Keizo Obuchi, unlike his predecessor, was fully engaged in solving the problem. That sense was heightened Monday when the United States and Japan jointly announced the creation of a



Mr. Greenspan's move to cut rates is the end of a three-part strategy.

\$10 billion program to bolster Southeast Asian countries as they waded through a churning sea of bad bank debt.

The fear now is that the stock market surges could take the pressure off governments around the world, just as they start to tackle the toughest problems. "The countries we need to be strongly concerned about are Brazil and Japan," said Daniel Tarullo, a former top economic adviser to Mr. Clinton.

But the history of the global financial crisis is that the shock has always come from somewhere where no one was looking — and where the effects have been greater than anyone expected.

## DIVORCE: Reform Proposal Splits China

Continued from Page 1

seminar, one of the authors, Xu Weihua of the All-China Women's Federation, said, "Divorce is too easy under the existing marriage law and women's rights have not been protected, so many have become single mothers and poor."

Other drafters such as Wu Chang-zhen, a professor at Beijing's University of Politics and Law, have said that while they are not against divorce as such, there are too many "rash divorces," and that people who violate the marital contract through adultery ought to pay — usually in the form of extra money to the spouse in a divorce settlement.

The opponents say that a rise in divorces in China is not necessarily unhealthy; the current rate of 12 divorces for every 100 marriages remains far below that in most Western countries. These opponents support strong rules on sharing of property and child support after divorce, but say that does not warrant the punitive spirit of the proposals.

When legislators first considered the matter a couple of years ago, it seemed clear that the country's 1980 marriage law needed updating.

That law allowed relatively free divorce in principle, with "alienation of affection" as possible grounds, although splitting up has long been difficult in practice because of the scarcity of housing. But the law was generally too vague and sparse to deal with China's new complexities.

The National People's Congress appointed a panel of senior legal experts to come up with a proposal. Late last year, as a secret draft circulated, a number of concerned sociologists and family experts convened a meeting — including

the draft's authors — to discuss it. Then this August, a detailed account of that meeting was published in a popular Beijing newspaper. The topic clearly touched a nerve.

The proposed new divorce law would not, as has been reported here to great alarm, limit divorce only to cases in which couples have lived apart for three years. Numerous other causes such as adultery, one party's alcoholism or spousal abuse can also be grounds.

It is not even clear that, in practice, it would be much harder to obtain a divorce. But the opponents are reacting in part to the language, which seems to require evidence of wrongdoing.

"We feel that some members of the legal establishment are patronizing people, treating them like children," said Chen Xinxin, deputy secretary of the China Marriage and Family Research Institute, a professional association.

Most feared is the suggested involvement of the police in adultery cases. If one party violates the duty to be faithful, says a draft, then the other party may call in law-enforcement agencies to investigate and end the problem.

"If this becomes law, people will have no sense of security in their private lives," said Miss Chen. "There will be opportunities for blackmail and extortion."

The unusual debate itself has given Chinese a vivid glimpse at democratic discourse.

"I feel this debate is not simply about the particular issues," Miss Chen said. "It's also about how to deal with the thousands of years of tradition we have in China, a tradition of intolerance and lack of respect for individual freedom."

## APEC: Summit Ends With Vague Measures Covering Up Clashes

Continued from Page 1

trois as Malaysia has done.

Malaysia, which chaired the meetings, sought to get APEC backing for regulation of the massive short-term or "speculative" capital flows and the international hedge funds it blames for the crisis. The issue — a test of commitment to market-oriented policies — divided the leaders of the 21 APEC economies, officials said.

China, seeking to portray itself as the protector of developing country interests, strongly supported the Malaysian position.

President Jiang Zemin, in a closed-door speech released by the Chinese delegation, said, "Those big powers with influence in international finance are duty-bound to take effective measures to improve the supervision and regulation of the flow of international financial capital, contain overspeculation of international hot money and enhance the capability for the forecast and prevention of financial risks and for their relief."

But the United States, Japan, South Korea and a number of other APEC countries were wary of such attempts at regulation, officials said.

"Some leaders wanted more in terms of regulation," said Sadaaki Numata, a

spokesman for Prime Minister Keizo Obuchi of Japan. "Others, perhaps out of numbering them, felt the market principle should be preserved and that such regulation might end up preventing sound flows of capital."

The result appears to have been an uneasy, and impractical, compromise.

The joint declaration said that "a task force" should be set up to "examine the questions of appropriate transparency and disclosure standards for private-sector financial institutions involved in international capital flows, such as investment banks, hedge funds and other institutional investors."

It said the task force should also examine "the implications of operations of highly leveraged and offshore institutions," as well as "strengthened prudential regulation of financial institutions in industrialized economies to promote safe and sustainable capital flows, to encourage sound analysis and better risk assessment."

The APEC leaders also called for a review of international credit-rating concerns, which have been widely criticized in the region for their wholesale downgrading of corporate and country debt which raised borrowing costs and contributed to the credit squeeze in many East Asian nations.

## CLINTON: He Urges More Asian Reform

Continued from Page 1

to get back on the road to recovery."

APEC meetings are often tame affairs, but Mr. Gore's comments Tuesday, criticized as interference by some other delegates, provided angry moments. And in a parting shot Wednesday, the U.S. trade representative, Charlene Barshefsky, lashed out at Tokyo. She said, "Japan refused to exercise any leadership and that is inexcusable."

The United States and some other countries had pressed at the APEC meeting for agreement to reduce or eliminate tariffs on \$1.5 trillion in trade in nine sectors. But Japan adamantly refused to lower border taxes in fish and wood products, both sectors represented by politically powerful rural constituencies.

The failure to achieve a tariff-reduction pact, she added, was "an unconscionable outcome." That stood in contrast to a comment by Foreign Minister Masahiko Komura of Japan, who spoke of "a happy ending."

The tariff cuts, which would probably produce a moderate increase in trade, would not take effect until Europe and other regions accepted them. But pressures have been rising in many hard-hit Asian countries to protect vulnerable companies by restricting imports.

At such a time, Ms. Barshefsky said last week, it was important for APEC to send a "critical" message "that market opening is not the cause of the financial crisis, and should not be made its victim."

Instead, a torn APEC decided to refer the tariff issue to the World Trade Organization in Geneva.

But U.S. trade officials pledged Wed-

nesday that Mr. Clinton would raise the tariff issue during his Tokyo visit. The Associated Press reported.

Mr. Clinton said the United States had done its part to halt the global economic crisis that began last year in Indonesia and Malaysia, in part by working with the International Monetary Fund to help organize an assistance package to prevent the crisis from further rattling the Brazilian economy. "Now we're taking our efforts directly to Asia, where the crisis began," Mr. Clinton said.

In South Korea, Mr. Clinton said that his talks with President Kim Dae Jung would deal with reform of the financial and corporate sector.

He expressed concern about North Korea's weapons program, saying, "If Iraq's weapons of mass destruction have dominated recent headlines, we must be no less concerned by North Korea's weapons activities, including its provocative missile program and developments that could call into question its commitment to freeze and dismantle its nuclear weapons efforts."

A State Department spokesman said Wednesday that North Korea had failed to meet U.S. demands for access to a vast underground construction site that is suspected of being part of a revived nuclear-arms program. "I cannot say that we were satisfied with the response we received" in two days of talks, said the spokesman, James Rubin.

The timing of Mr. Clinton's Asia trip, decided on long ago, comes as Kenneth Starr, the special prosecutor, is expected to testify Thursday before the House Judiciary Committee considering possible grounds for impeachment.

Financial analysts were unimpressed. Gerard Lyons, chief economist at DKB International in London, asked, "How can you, on the one hand, want the international community to put more capital back into the region and at the same time still leave this big uncertainty hanging over capital flows?"

John Banwell, director of corporate ratings for Asia at Fitch IBCA, said ratings companies had been forced by the markets to be credible. "What regulates us is the need to be credible to investors, and the moment we lose that credibility is the moment our business dies," he said.

APEC includes Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Peru, Russia, Singapore, South Korea, Taiwan, Thailand, the United States and Vietnam.

## GORE: Malaysians React

Continued from Page 1

On Sept. 2, allies of Mr. Mahathir have charged that the former deputy prime minister is a foreign agent, pointing to Mr. Anwar's friends in the United States such as Defense Secretary William Cohen.

"They were trying to link Anwar with the Americans and now you have this statement," said Syed Husin Ali, a government critic and leader of the Malaysian People's Party. "I fear a great deal of damage has been done to the movement."

Not all analysts agreed that the speech could strengthen Mr. Mahathir's hand. "I don't think you can convince Malaysians that there is some foreign plot simply because the vice president of the U.S. made this statement," said Chandra Muzaffar, a professor of political science at the University of Malaysia.

Just three months ago, Mr. Mahathir toured the country and warned Malaysians that foreign powers were trying to influence politics in the country to gain greater control.

"I suspect that the government is going to seize the opportunity to hit back and use the speech as a rallying point against foreign interference," said a source with close links to the top leadership. "I wouldn't be surprised if they start demonstrations in front of the U.S. Embassy."

On Wednesday, officials from the governing political party, the United Malays National Organization, urged Malaysians to sign a statement condemning the "American arrogance and ignorance." The party also urged Malaysians to call the U.S. Embassy to register their disgust.

Some Malaysians privately express fears that the controversy could hurt Malaysia's efforts to raise funds abroad.

"We can sit down here and put together a list of 20 reasons why Gore shouldn't have said those things," said the source with close government ties. "But if you're in dire straits — which we are — we should be very humble."

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## Sun Ruling Deals Blow To Microsoft

Software Giant Is Told To Rewrite Programs That Incorporate Java

By Tom Ichniowski  
PALO ALTO, California — Sun Microsystems Inc. shares touched a record high in intraday trading Wednesday after a federal judge ordered Microsoft Corp. to stop shipping software that illegally used Sun's Java programming language.

Sun's shares closed at \$66.625, down 625 cents, despite touching a record \$69.8125 at one point. Microsoft fell \$2.25 to \$109.625.

Under a licensing agreement signed in March 1995, Sun gave Microsoft the right to ship Java, the most popular language for programs that run on the World Wide Web, with Microsoft's Windows operating system and its Web browser, Internet Explorer.

But in 1997, Microsoft altered parts of the Java language so that programs written in Java for other operating systems would not run on Windows machines and vice versa. Microsoft said it was improving Java, but many others in the industry, including Sun, said it was an attempt to "pollute" a language that threatened Microsoft's operating-system monopoly. Sun sued, charging that its licensing agreement did not allow Microsoft to make changes to Java.

On Tuesday, a federal judge in California gave Microsoft 90 days to rewrite its Windows 98 operating system and Internet Explorer 4.0 browser to make them fully compatible with Sun's version of Java.

"It's an absolute major victory for Sun," said Stephen Dube, an analyst at Wasserstein Perella Securities.

The ruling is a blow for Microsoft, which also is embroiled in a landmark antitrust trial in which it is accused by the U.S. government of using its dominance in computer operating systems to crush rivals in Internet software.

Microsoft said it had not decided whether to appeal the order.

Jim Cullinan, a Microsoft spokesman, declined to say how much compliance with the court order would cost the company. In a telephone interview after the ruling, Microsoft said it expected no significant delays or material effect on its business.

What, if any, impact the ruling might have on the Microsoft antitrust case, now being heard in Washington, is uncertain. But the allegations in the government's suit do include the practices that are at the heart of the breach-of-contract case.

The Justice Department and 20 states suing Microsoft in the antitrust case say this is part of a pattern of illegal practices by the software giant intended to protect and extend its tight grip on the market for personal-computer software. If Sun's Java became an industry standard, the government asserts, it could pose a serious challenge to Microsoft.

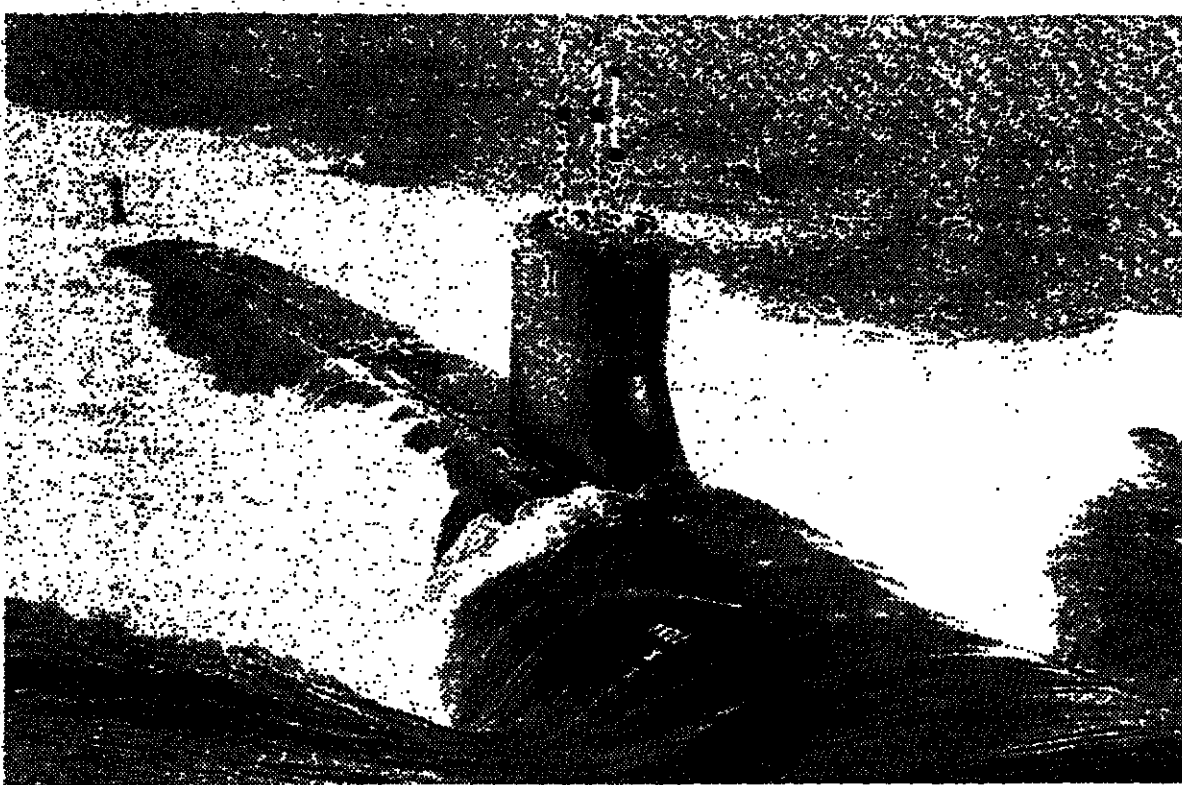
Java has been backed by International Business Machines Corp., Netscape Communications Corp. and Novell Inc. Sun, which makes computer workstations that run companies' networks, has been losing ground to cheaper machines run by Microsoft's Windows software and Intel Corp. chips. Last month, Sun unveiled a new version of its workstation software, Solaris, as Microsoft delayed its latest version of the Windows NT operating system for networks. (Bloomberg, NYT)

### AOL-Netscape Talks Reported

America Online Inc. and Netscape Communications Corp. are holding negotiations that could result in the No. 1 online service using Netscape's browser, people familiar with the negotiations said, according to a Bloomberg News dispatch from Dulles, Virginia.

America Online now uses Microsoft's Explorer browser to give its 14 million members access to the Internet. America Online may be seeking a partnership with Netscape to better compete with Microsoft, which is expanding MSN, the software maker's own on-line service. Representatives of America Online and Netscape declined to comment.

## INTERNATIONAL MANAGER



Nicholas Chabreja, the chairman of General Dynamics, maker of the Seawolf submarine for the navy.

## General Dynamics Charts a Profitable Course

After Post-Cold War Revamping, Wall Street Salutes Military Contractor's Tight Ship

By Tim Smart  
Washington Post Service

WASHINGTON — At the height of the Cold War, the Electric Boat Corp. shipyard in Groton, Conn., hummed with activity as 25,000 workers built 15 nuclear-powered submarines at a time.

Their product was symbolic of America's struggle with the Soviet Union: the two superpowers stalked the sea depths with deadly weapons in an atomic game of hide-and-seek.

Electric Boat is a much quieter place now, with about 7,500 workers putting the finishing touches on the last of three Seawolf-class submarines — of which the Pentagon once planned to build 29.

Yet the submarine is also emblematic of the strategy of the owner of Electric Boat, General Dynamics Corp.

In contrast with its biggest rival, Lockheed Martin Corp., General Dynamics has eschewed the super-market approach to military contracting — remaining beneath the industry's surface, keeping to itself, striking quickly and picking off targets of opportunity when they come into view.

Such was the case with the acquisition of a San Diego shipyard, NASSCO Holdings Inc., a deal that closed last week for \$415 million in cash and debt. The purchase, along with the company's ownership of Electric Boat and its 1995 acquisition of Bath Iron Works Corp. in Bath, Maine, means that half of the six private yards that build ships for the U.S. Navy are under General Dynamics' control.

"They've defined a role for themselves that in many ways is more enviable than some of the larger contractors and electronics houses," said Byron Callan, an analyst at Merrill Lynch & Co. "Their style has been low-key, kind of consistent steady delivery of the goods, which is what shareholders like to see these days."

In the last three years, annual revenue has increased more than 50 percent to a little under \$5 billion, while profit has risen at a similar pace, with analysts predicting \$363 million for this year. General Dynamics' stock has risen about 40 percent in the last six months.

At the helm is Nicholas Chabreja, 56, a former

Chicago trial lawyer who managed the company's legal affairs before coming aboard in 1993 as senior vice president and general counsel. Mr. Chabreja, now chairman and chief executive, helped map legal and financial strategy for General Dynamics during a period when the management was preoccupied with shrinking the company, which once was the largest defense contractor, with \$10.2 billion in revenue in 1990.

Faced with declining military budgets, William Anders, who was then chairman, went on a massive downsizing spree. From 1992 to 1994, he sold much of General Dynamics' aerospace businesses — including the Cessna aircraft company, the missile systems unit, the F-16 jet-fighter business and the space division — for a total of nearly \$3 billion.

Flush with cash but with a shriveled business base, General Dynamics nonetheless became a Wall Street darling, especially to investors hoping that the company would pay out its hoard of cash as a special dividend.

"It was a cash-rich company," said Mr. Chabreja, a blunt-spoken manager who appears to enjoy the financial aspects of the military business as much as, if not more than, the gee-whiz technology. "We were offered by a lot of the hedge funds. In effect, Wall Street was waiting for us to liquidate the company."

But the company kept its plans mum, in part because of extreme employee angst about the future.

In the meantime, a big competitor, Martin Marietta, was embarking on an acquisition spree — among its purchases were General Dynamics' F-16 fighter business and space-launch operations — that would create Lockheed Martin, the biggest Pentagon contractor.

By 1994, though, General Dynamics had a new chairman, James Mellor, whose strength was running businesses rather than selling them. Mr. Chabreja was charged with planning the company's future.

After studying the remaining businesses — producing the army's main battle tank and being the primary submarine maker for the navy — Mr. Chabreja fashioned a new plan. It called for redeploying

capital into niche acquisitions and expanding the company's ability to handle complex integration of weapons systems.

After three years of relentless downsizing, General Dynamics reversed course in 1995 with the purchase of Bath, which had run into financial trouble and become the property of Prudential Insurance Co. of America when debt payments could no longer be made.

General Dynamics picked up the yard for half of what Prudential paid for it and has since set about rehabilitating it, pouring about \$300 million into improvements.

Since the Bath deal, Mr. Chabreja, who became chairman in 1997, has spent about \$1.8 billion on acquisitions, including a military information-technology company once owned by AT&T Corp. and two other technology-related businesses. The latest deal, the NASSCO acquisition, gives General Dynamics the ability to provide the navy with a broader range of ships, from submarines to destroyers to auxiliary vessels such as sea hospitals and transports.

"In terms of ownership, it makes them the dominant shipbuilder for the navy," said Ronald O'Rourke, a naval expert at the Congressional Research Service.

While Mr. Chabreja's deal-making has put the company on the offensive, it has served a defensive purpose as well. In recent years, as ships have evolved into floating platforms for sensors, radars and automated weapons systems, the diversified contractors such as Lockheed Martin and military electronics suppliers such as Raytheon Co. have tried to home in on the role of prime contractor to the navy.

"We needed to be more capable in systems integration," said James Turner, president of General Dynamics. "We needed to fortify ourselves."

In all its deals, General Dynamics has shown an uncanny ability to buy good businesses at below-market value and to improve operations quickly so they contribute to the bottom line.

"General Dynamics makes great acquisitions," said Heidi Wood, an analyst at Cowen & Co. "They're very savvy."

## Daimler Executives Get Key Posts in New Giant

By Keith Bradsher  
New York Times Service

DETROIT — Further signs are emerging that German executives from the former Daimler-Benz AG will be the senior partners in the newly merged DaimlerChrysler AG.

The organization chart released Tuesday for DaimlerChrysler featured many German executives in leading roles. While the new company's management board has 10 Germans and eight Americans, for example, there are nine Germans among the 11 executives who report directly to the company's two co-chairmen. Similarly, five of the eight members of the new company's corporate integration council are former Daimler-Benz executives.

Daimler-Benz and Chrysler Corp. announced the

deal in May and completed it Thursday. The new company's stock began trading Tuesday. In terms of revenue, DaimlerChrysler becomes the third-largest automaker in the world, at \$140 billion in annual sales, it trails only General Motors Corp., Ford Motor Co. and Mitsubishi & Co., a Japanese trading company.

The preponderance of German executives was not entirely surprising in a deal that has amounted to a Daimler takeover of Chrysler. The combined company has been incorporated in Germany for tax reasons. While the former chairman of Chrysler, Robert Eaton, and the former chairman of Daimler, Juergen Schrempp, will be co-chairmen of DaimlerChrysler for three years, Mr. Eaton is scheduled to retire then, and Mr. Schrempp, who initiated the talks, will run the company himself.

Still, DaimlerChrysler will maintain separate headquarters for now in Stuttgart and in Auburn Hills, Michigan, a suburb of Detroit.

American and European shareholders will also hold equal stakes in the combined company at first — 44 percent in each case, with shareholders from the rest of the world owning the remaining 12 percent. And Mr. Eaton and Mr. Schrempp vowed Tuesday to keep the two companies' brands distinct rather than blurring the differences that separate Chrysler brands as Jeep, Dodge and Plymouth from such Daimler brands as Mercedes-Benz and Freightliner.

Mr. Eaton said DaimlerChrysler planned to decide by the end of the year whether to extend the transatlantic alliance across the Pacific, too, by taking an equity stake in Nissan Diesel Motor Co., the troubled truckmaking subsidiary of Nissan Motor Co.

## CURRENCY & INTEREST RATES

Nov. 18										Libid-Libor Rates										Nov. 18									
Cross Rates																													
	1	3	6	12	18	24	36	48	60		1	3	6	12	18	24	36	48	60		1	3	6	12	18	24	36	48	60
Australian	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	French	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Brooklyn	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	German	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Italian	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Brussels	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Japanese	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Portuguese	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Chicago	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Spanish	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
London	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	French	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Madrid	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	German	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Italian	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Moscow	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Japanese	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Portuguese	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
New York	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Spanish	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
Paris	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	French	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
San Francisco	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	German	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Italian	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Seattle	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Japanese	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Portuguese	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Tokyo	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Spanish	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
Yokohama	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	French	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Other Dollar Values	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	German	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Italian	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Canada	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Japanese	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Portuguese	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Switzerland	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	Spanish	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
France	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	French	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Italy	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	German	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Italian	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Spain	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	Japanese	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Portuguese	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Portugal	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	Spanish	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
Belgium	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	French	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Netherlands	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	German	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Italian	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Germany	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	Japanese	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Portuguese	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Forward Rates	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Spanish	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
Canada	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	French	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Switzerland	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	German	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Italian	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
France	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	Japanese	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Portuguese	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Italy	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	Spanish	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
Spain	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	French	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Portugal	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	German	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Italian	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Belgium	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	Japanese	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	Portuguese	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Netherlands	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	Spanish	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
Germany	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	French	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66

Source: *Wall Street Journal*, *London Times*, *Frankfurt Allgemeine Zeitung*, *Paris Matin*, *Madrid El Financiero*, *Lisbon O Publico*, *Brussels Le Soir*, *Amsterdam De Pers*, *Stockholm Dagens Nyheter*, *Copenhagen Berlingske Tidende*, *Helsinki Helsingin Sanomat*, *Tokyo Asahi Shimbun*, *Yokohama Specie*, *Osaka Asahi Shimbun*, *Kobe Asahi Shimbun*, *Nagasaki Asahi Shimbun*, *Kyoto Asahi Shimbun*, *Manila Asahi Shimbun*, *Batavia Asahi Shimbun*, *Singapore Asahi Shimbun*, *Bombay Asahi Shimbun*, *Calcutta Asahi Shimbun*, *Rangoon Asahi Shimbun*, *Singapore Asahi Shimbun*, *Batavia Asahi Shimbun*, *Singapore Asahi Sh*

## Jet Sales Help Narrow U.S. Trade Gap

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. trade deficit narrowed to \$14 billion in September from a record high in August, helped by a surge in sales of aircraft and a decline in oil imports, the government said Wednesday.

The seasonally adjusted September gap between exports and imports of goods and services was \$1.7 percent lower than a revised record deficit of \$15.9 billion in August, the Commerce Department said.

Nevertheless, the deficit for the July-September quarter, at \$44.5 billion, rose to a record from \$43.6 billion in April-June. That reflects the impact the Asian slump is having on the U.S. economy.

So far this year, the U.S. deficit in goods and services is running at an annual rate of \$166 billion, a little more than 50 percent above the \$110 billion deficit posted last year.

While analysts said the deficit could still widen in the months ahead, the report Wednesday included a "hint of more good news to come," said Christopher Low, chief economist at First Tennessee Capital Markets. "The def-

icit with the Pacific Rim was smaller in September than in August and appears to be stabilizing, longer-term," he said.

The merchandise trade deficit with newly industrialized Asian economies including Hong Kong, South Korea, Singapore and Taiwan fell to \$2.52 billion in September from \$2.63 billion in August. In September 1997, the deficit was \$1.98 billion.

The deficit with Japan, America's second-biggest commercial partner after Canada, narrowed to \$5.07 billion in September from \$5.20 billion in August and \$5.10 billion in September 1997. But the U.S.-Japan trade gap still appears on track to exceed its record of \$5.61 billion set last year. Japanese steel exports to the United States, for example, have doubled over the past year.

The deficit with China, a major source of clothing and household products for U.S. consumers, shrank to \$5.90 billion in September from \$5.91 billion in August, even as imports set a record. In September 1997, the U.S.-China trade deficit was \$5.52 billion.

While commercial-aircraft exports were a beacon of strength in September

## Price of Oil Seen Falling Even Lower

Slump Could Continue For Up to a Decade, New U.S. Report Says

By Tom Buerkle  
International Herald Tribune

LONDON — Bargain-basement oil prices are headed even further down and are likely to remain weak for the foreseeable future, some industry analysts said Wednesday as Brent crude-oil futures hit a record low.

The world's oil industry is bracing for lower prices as the continued economic slump in Asia and the lack of military action against Iraq point to further weakness from already depressed levels.

The outlook was underscored by a forecast from the U.S. Department of Energy, released late Tuesday, which predicted that the Asian economic crisis would depress global oil prices for as long as a decade by curbing demand from what had been the fastest-growing region of the world.

The gloomy view was shared by industry executives attending an Oil and Money Conference, which ended here Wednesday.

Philip Verleger Jr. of PKV Associates said financial pressures would prevent the Organization of Petroleum Exporting Countries from reducing output enough to eliminate the massive stockpiles of crude oil now held across the industry. He predicted that oil prices would average \$1 to \$2 a barrel less in 1999 than in 1998 and added, "I think we could see \$5 a barrel oil, at least briefly."

"You're going to need an ice age this winter to truly rally prices," said Peter Gignoux, head of petroleum trading at Salomon Smith Barney in London.

But low oil prices should help industrial economies by contributing to low inflation and leaving consumers and business with more spending power.

The American Automobile Association reported Tuesday that the average price of unleaded gasoline at U.S. self-service stations fell to a six-year low of \$1.055 a gallon in November. But low prices run counter to environmental aims, as they remove one incentive to cut oil use and the resulting emissions of greenhouse gases such as carbon dioxide.

North Sea Brent crude oil for January touched \$11.20 a barrel in Singapore on Wednesday, a record low in the 10 years that Brent futures have been traded. Brent recovered later in the day to stand at \$11.51 in London, up 8 cents from the close Tuesday there.

The price of this benchmark crude fell nearly 9 percent Monday and Tuesday after Iraq agreed to let United Nations weapons inspectors back into the country, averting a military confrontation that could have interrupted oil supplies from the Gulf.

Although Brent crude traded below \$8 a barrel during a sharp slump in 1986, current oil prices are the lowest in inflation-adjusted terms since the 1920s. They are likely to remain low for years to come, the Energy Department said in its report, predicting that oil prices would average \$12.37 a barrel this year and remain under \$14 a barrel through 2000. The report did not see prices reaching \$20 a barrel — the price struck last year — until 2006.

The reason is a flood of oil on world markets at a time of sluggish demand. Production remains buoyant from non-OPEC countries such as Venezuela and countries of the former Soviet Union, which raised exports to a record 3.24 million barrels a day last month.

The International Energy Agency last week lowered its estimate of world oil demand for this year by 200,000 barrels, to 74.3 million barrels a day, and trimmed its forecast for 1999 demand by 400,000 barrels a day, to 75.6 million.

There is little sign of early relief. Mehdi Hosseini, the deputy oil minister of Iran, told the London conference, which was sponsored by the International Herald Tribune, that it was unlikely that OPEC would seek to impose new production cutbacks when oil ministers met in Vienna on Nov. 25.

Boeing Co. said orders rose to 98 planes in September from 47 in August and 57 in July — problems persist in many other industries.

But oil imports fell 10 percent, to \$3.6 billion. That reflected a decrease in volume to 8.23 million barrels a day from 9.32 million a month earlier but an increase in price to \$10.98 a barrel from a 12-year low of \$10.63 in August.

In trade with Latin America — the only major region of the world where the United States has a surplus in merchandise trade — the surplus narrowed to \$679 million in September from \$980 million in August.

That was down from a surplus of \$717 million in September 1997. The U.S. surplus with the region came to \$9.53 billion in the first nine months of this year, up from \$5.28 billion in the same period last year. The figures measure trade in goods alone and are not adjusted for seasonal variations.

U.S. exports to Latin America fell in September to \$4.77 billion from \$5.16 billion in August, while imports from the region fell to \$4.09 billion from \$4.18 billion. (AP, Bloomberg)



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## ART BUCHWALD

## A Tough Choice

NEW YORK — During Desert Storm I was one of the few reporters to reveal why the United States could not knock off Saddam Hussein of Iraq.

The explanation was that everyone in Iraq looked like Saddam, and we couldn't tell one from another.

At the beginning of his regime, Saddam was concerned about assassination so he came up with the idea that every male citizen in the country had to look exactly like him.

This included the mustache, the haircut and the black beret.

People who did not resemble Saddam to the secret police's satisfaction were arrested and sent to work as slave labor in a poison gas factory.

Thus started a long line of Saddam Hussein look-alikes who have been driving the CIA and everyone else crazy.

What makes the story more interesting is that when two people meet on the street they have no idea which Saddam they are talking to. One could be a citrus grower from Baghdad and the other the leader of the country.

This has been the problem for the United States from the start. If you are going to cut off the head of a snake, which snake are we talking about?

Recently they tell the story of the real Saddam Hussein and an impostor at a people's rally.

The fake Saddam had medals all over his chest. The real Saddam was covered

with flies. The people went crazy for the false one and ignored the real one.

Concerned by this, Saddam's advisers suggested they have a mustache-measuring contest, and the one who was wearing real hair on his lip would be declared the leader.

Both men showed up on the platform, and Iraqi barbers took the measurements. The real Saddam won by a hair, and the people burned the false Saddam in effigy.

The question arises, if all the men in Iraq look like Saddam, how do we knock off our Saddam?

It's as if everyone in World War II in Germany looked like Adolf Hitler and everyone in Japan looked like Emperor Hirohito.

It is still a secret, but the air force is now developing a smart bomb that can tell the difference between a real Saddam Hussein and a false one. It is heat-seeking and explodes when the real dictator is lying.

Nobody knows when it will be ready, but intelligence forces are well aware that there is no sense bombing the hell out of Iraq as long as the real Saddam keeps walking around free and the ersatz ones are hiding in the bunkers.

The United States is impatient to find a Saddam who must be punished. We're tired of taking on a bunch of disguised Iraqi wimps who do nothing but lie to the United Nations.

Even the White House is asking, "How can you make love — not war — when everyone in a country has the same barber?"

By Robin Pogrebin  
New York Times Service

NEW YORK — Ethan Canin cannot be called a Wunderkind anymore. Ten years ago, at 27, he was anointed for his critically acclaimed book of short stories, "Emperor of the Air," and became an instant media darling because he was a graduate of Harvard Medical School and a handsome bachelor to boot.

Now, at 38, Canin is simply a writer with four books behind him that have had varying degrees of success and a new one, "For Kings and Planets," published by Random House. His hair has grayed a bit; his waist has thickened. He is married and has a 2-year-old daughter and lives in Iowa, where he has a house with a front porch and holds a tenured teaching position. Three years ago he left the medical profession.

At a recent lunch in New York, Canin did not seem bothered by no longer being the writer du jour. Indeed, he fled to South America after his first book to escape the frenzy. He seems grateful just to be living as a writer — sometimes criticized, sometimes praised — rather than as a writer of the moment.

"I've discovered over the years that being subject to both the adoration and the vilification actually makes me more disciplined," he said. "It makes me understand that it's the idea of writing a great book that propels me now, whereas it used to be the idea of success."

By now, Canin is used to the ups and downs of a writing life. Critics were generally disappointed by his second book, "Blue River," published in 1991. They were happier with "The Palace Thief," a collection of long stories published in 1994. And the response to his new book has been nothing short of an emotional roller coaster.

On Sept. 10 in The New York Times, Christopher Lehmann-Haupt called the novel "shimmering" and said it "leaves you wounded and healed." Three days later in The New York Times Book Review, Rand



Ethan Canin at Columbia University: His battle comes down to "ambition versus contentment."

Richards Cooper said the book "falls flat" and asked, "Whatever has happened to that lucid, elegant prose?"

But it isn't the vagaries of being a writer that have tempered Canin's initial success; he was never wholly buoyant to begin with. "I'm a Jew," he said. "I think every Jew is dark in certain ways."

Canin described himself as a skeptic and a cynic, prone to ecstatic highs and ponderous lows. Rather than try to fight his moments of despondency, he said, he prefers to surrender. "I indulge them because I enjoy them," he said. "There's something about completing an emotion that's important to any creation."

Canin, who grew up in Oberlin, Ohio; Philadelphia, and San Francisco, the son of a violinist and a painter, does not seem like a man with demons. He has achieved a level of fame most writers would kill for. He likes teaching at the University of Iowa Writers Workshop and has to do it only twice a week

for two hours at a time. He has a nice life style: biking into town for coffee in the mornings, using his carpentry skills — he majored in engineering at Stanford University — to remodel his house and build himself an office behind his garage, taking his daughter to a nearby field to hear the Iowa marching band practice, sitting on the porch with his wife, Barbara Schuler Canin, a high school English teacher, at night.

There is also the side of him that obsessively logs onto the Internet to check how his books are selling on amazon.com; the Web site offers an hourly ranking. (He was No. 26 one recent week in rankings including nonfiction and fiction.) "I'm never going to look again," Canin vowed unconvincedly. And he says he finds writing "agonizing."

"For me it's because of the doubt, and doubt cripples the imagination," he said. "Doubt is the enemy of mania. It's trying to get aloft strung with weights. The moment I like writing is three sentences in, when

somehow those weights drop away and you can invent. I can't tell you the dread I have."

Despite such angst, he dared to turn his back on his day job. He left medicine in the middle of his residency at the University of California at San Francisco, feeling as if a real commitment to writing required flying without a financial safety net. "I realized I was about to get a high-paying job and put in 50 hours a week and I would never finish a book again," he said.

The decision, Canin said, left him terrified. Still, though, he continues to pay \$600 a year to keep his medical license current. He said he hasn't looked back. "I was leaving the most secure job in the world for the least secure, leaving a job I knew I could do for a job I still to this day have no idea whether I can do. I remember the morning of walking out of the hospital and into this thing, day and just feeling this flood of relief."

This very choice, opting for the risk over the safe route, is the main theme of Canin's new novel, "For Kings and Planets," charts the divergent paths of Orno, a farmer's son from Mississippi who treads the straight and narrow, and Marshall, a brilliant but troubled eccentric from New York City who constantly flirts with his own self-destruction, and the unlikely but loyal friendship that binds them as they move from Columbia University into the future.

"The book, in a lot of ways to me, is about ambition versus contentment," Canin said. "That's my battle."

He sees the novel as the first in a trilogy, although he may not move on to the second part right away. He said he wanted each new project to be a significant departure. "To write about a parent and child, for example, ('Why is one child a dreamer and easily hurt while another goes more boldly into the world?') A historical novel. A thriller."

Because he is now 38 with a body of work behind him, Canin said, he is increasingly able to call himself a writer. "But," he added, "I still don't know whether I know how to write a sentence."

## PEOPLE

THE New York Public Library's famed third-floor Reading Room has reopened to the public after a \$15 million overhaul, showing off a brighter space, new paintings and work stations linked to the Internet. Norman Mailer, Isaac Bashevis Singer and E.L. Doctorow and many others have toiled away in the room, which measures the distance of a football field and the height of a five-story building. The windows, which were painted over during World War II, now bathe the room in sunlight. Three large overhead murals of a blue sky with pastel clouds that had turned brown from leaks and dirt have been repainted.

The boyfriend of the former Mouseketeer Darlene Gillespie has been sentenced to 18 months in prison for securities fraud. Jerry Fraschilla pleaded guilty to buying stock he had no intention of paying for in 1992 and 1993. A U.S. district judge in Los Angeles also ordered Fraschilla to pay \$65,000 in restitution. Gillespie, an original cast member of the "Mickey

Mouse Club" television series in the 1950s, was indicted a year ago on related charges. Her trial begins Nov. 30.

One critic called it "a spiral of crumpled boxes," but a hotly debated avant-garde design by the Berlin-based architect Daniel Libeskind for an extension to the Victoria & Albert Museum

in London has won approval from planning officials. Residents of South Kensington complain that the extension was out of character with the neighborhood.

New York City has lifted a ban blocking the director Michael Moore from taping a forthcoming television satire on city streets. "I'm very happy they have

reversed their position on this," said Moore, best known for his 1989 documentary, "Roger and Me," which told of the impact of General Motors' plant closures on Flint, Michigan. "I know once they stopped to think about the First Amendment implications, they would do the right thing." Patricia Reed Scott, the head of Mayor Rudolph Giuliani's film office, said she had misunderstood a court order against Moore before banning him, and she cleared the way for him to resume shooting. Moore still must stay away from the home and offices of the millionaire industrialist Ira Rennert, a target in one of Moore's shows. He has a court order keeping the filmmaker at least 150 feet away. Because of Moore's legal entanglement with Rennert, the city suspended his permits to film in New York, where he's taping segments for his Bravo channel show, "The Awful Truth," which debuts in April. A court hearing is scheduled for later this month in the dispute with Rennert, who claims Moore and his production crew harassed his employees and trespassed on his property.



WRAPPER — Several of the 163 trees that the artists Christo and Jeanne-Claude have covered in foil await the opening of their exhibition "Wrapped Trees" on Saturday in Riehen, Switzerland, near Basel.

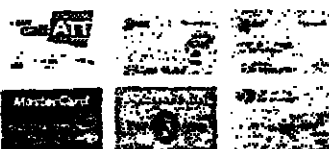


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